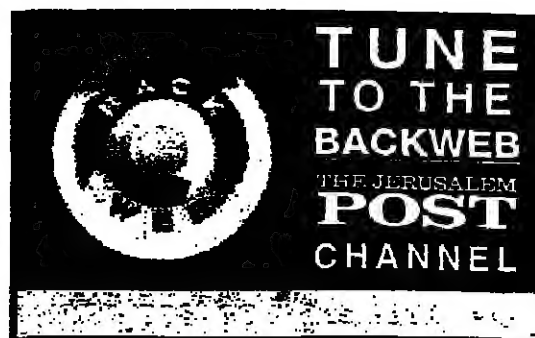


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The New York Times
8-page supplement



Psychologists' strike ends

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Neeman threatens to quit over budget cut

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Chief of General Staff Lt.-Gen. Amnon Lipkin-Shahak meets with soldiers at an IDF outpost in the security zone yesterday. (IDF Spokesman)

Ross begins Jerusalem-Ramallah shuttle

By JAY BUSHINSKY and JON IMMANUEL

US peace envoy Dennis Ross shuttled between Jerusalem and Ramallah yesterday, conferring twice each with Prime Minister Benjamin Netanyahu and Palestinian Authority Chairman Yasser Arafat.

Hizbullah blasts Arafat for 'false accusations,' Page 2

The security issue dominated these discussions, in keeping with Ross's mandate from President Bill Clinton and Secretary of State Madeleine Albright.

This approach was welcomed by senior Israeli officials, but they expressed fear that Palestinian pressure to expand the agenda might dilute the Ross mission.

As the US reactivated its diplomatic campaign to resuscitate the sagging peace process, the European Union's peripatetic peacemaker, Miguel Moratinos, prepared to resume his contacts with Israeli and Palestinian leaders. The Spanish diplomat was

expected to confer with Foreign Minister David Levy before seeing PA officials.

Netanyahu's evening session with Ross was attended by cabinet secretary Dan Naveh, policy adviser Uzi Arad, and legal counsel Yitzhak Molcho.

The Ross team consists of the State Department's Aaron Miller and National Security Council member Bruce Reidel.

Netanyahu reportedly told Ross that Israel places supreme importance on the war against terrorism and the continuation of the peace process and stressed that the country wants to see results.

There were concomitant indications that Israeli and Palestinian security officials were intensifying their clandestine contacts in the presence and with the input of American counterparts, presumably Central Intelligence Agency personnel.

The prospect of a three-sided mini-summit in which Netanyahu and Arafat would meet under American auspices also emerged.

But a senior government aide poured cold water on the idea that high-level meetings are a way out of the current crisis. Implying that the Palestinians harbor such notions, the aide said: "If that is

their answer to security, then they are completely wrong."

He said Netanyahu wants the PA to arrest and imprison persons involved in the West Bank-Gaza Strip terrorist infrastructure, and views the extradition of Palestinians accused of murder here as much more meaningful than conclaves, discussions, and photo opportunities.

Although a mini-summit would be "a tiny step forward," the aide said, "it is no substitute for the effective exchange of intelligence information leading to the capture of terrorists."

In a statement to reporters immediately after his first session with Netanyahu, Ross said Clinton and Albright "are committed to doing all they can to help get the parties back together again."

Acknowledging there still are major political issues to be resolved, Ross said: "They also understand that there is an essential security underpinning to the process. And that security underpinning has to be put back in place and the security relationship has to be addressed... and that's really the purpose of my efforts right now."

He said Clinton and Albright "want me to focus on the security questions. I'll be doing that and we'll be seeing what we can do in

trying to put things back together again in that respect."

Government quarters expressed "annoyance" at Arafat for allegedly engaging in a disinformation campaign inimical to Israel's national interests. They denied that Israeli agents informed Arafat that the Jerusalem suicide bombers had come from outside the country. Also untrue, they said, was Arafat's remark that the Hebron Agreement required American participation in its supervisory body.

Ross disappointed the PA delegation by focusing only on security coordination, but left open the possibility of political discussions once that matter is resolved.

Oslo negotiator Mahmoud Abbas, Hebron negotiator Saeb Erekat, and Nabil Shaath, the PLO's behind-the-scenes adviser in the pre-Oslo Washington talks, participated in the meeting with Ross.

Arafat said in a Channel 1 interview Friday night that, far from the Palestinians breaking off security coordination, Israel had called off US involvement in security talks three weeks before the Mahaneh Yehuda bombing.

See ROSS, Page 2

IDF soldier killed in Hizbullah attack

By STEVE RODAN

An IDF soldier was killed and another wounded yesterday during intense Hizbullah rocket and mortar fire on the village of Rehan north of Marjayoun, in continued escalation of fighting in south Lebanon.

The clash sparked fears of imminent widespread battles in south Lebanon, and Lebanese Prime Minister Rafik Hariri met with Syrian President Hafez Assad to discuss the situation. Over the past week, 14 Lebanese and one Israeli have died in the fighting, the highest toll since Operation Grapes of Wrath in April 1996.

IDF sources said that if Hizbullah continues its indiscriminate shelling, the understandings reached after Grapes of Wrath will disintegrate. They maintained that the current offensive is being coordinated and encouraged by Iran.

Hizbullah, in a communique issued in Beirut, said its fighters rained machine-gun fire and rocket propelled grenades on an IDF patrol in the area of Mleikh, south of Jezzine, in the security zone. Lebanese security sources said an

IDF motorized patrol was in the village of Rehan at about 4:15 p.m.

In response, IDF artillery shelled Kafir Hounch and other areas in the highlands of Iqlim al-Tuffah in the central region of the security zone, which are regarded as Hizbullah infiltration routes. No casualties were reported.

The fighting continued into the night as air force jets bombed and strafed suspected Hizbullah hideouts north of the security zone.

IDF sources said Hizbullah had grossly violated the US-brokered understandings reached after Operation Grapes of Wrath, in which all sides pledged not to target civilians. Both Israeli and Lebanese representatives had been discussing each other's alleged violations in the committee monitoring the cease-fire in Nakoura when the IDF casualties were reported.

A stream of attacks began when a mine exploded near a truck in Marqaba inside the security zone, about 500 meters from the Israeli-Lebanese border. IDF sources said nobody was wounded and IDF gunners retaliated by shelling Hizbullah hideouts.

Hours later, two women were hurt when a shell hit the S.O.S. Village orphanage in Sfarai in the Jezzine area. The IDF Spokesman said the injuries were caused by a direct hit of one of eight Katyusha rockets that landed around the home. The orphanage was evacuated and the children and supervisors were taken to Beirut.

Hizbullah denied firing the Katyushas, and Hizbullah and Lebanese sources blamed the PLO for the attack.

Hariri agreed, "Arafat declares on one side 'peace' and his men shell on the other side," he said after his meeting with Assad. "This is dangerous."

IDF sources said Hizbullah has embarked on what appears to be a new policy of denying Katyusha attacks on civilian targets. On Friday, Hizbullah leader Sheikh Hassan Nasrallah denied that his organization fired the rockets that landed in Kiryat Shmuna, in which one woman was hurt by flying glass.

In another development, the IDF released a brother and a relative of Lebanese journalist Roger Nahra. The journalist was freed from a detention camp on Wednesday. The Lebanese were arrested on July 3.

Hostages freed from prison

By STEVE RODAN

A 23-hour uprising in a military prison in which soldier inmates held knives to the throats of guards ended peacefully yesterday when IDF officers signed an agreement apparently giving in to the prisoners' demands.

A senior officer indicated afterwards, however, that the agreement will not be kept because it was arrived at under duress.

The drama in Military Prison No. 6 near Afula began Sunday morning when 110 prisoners having breakfast seized nine of their unarmed guards, soldiers like themselves. The rioters armed themselves with knives and axes. They issued demands for improved conditions and a pledge that they would not be punished or transferred to civilian prisons.

During the night, large numbers of security forces were brought to the prison in preparation for a break-in. However, commanders at the scene decided to avoid a confrontation for fear of harm coming to the hostages. During the protracted negotiations, guards were released individually, until only three were left in the pris-

oners' hands. These were released and the prisoners returned to their cells after the agreement was signed about 10 a.m. yesterday. Details of the agreement were not released.

OC Manpower Maj.-Gen. Gideon Sheffer told a press conference afterward that the details were not important because they constituted part of the negotiations aimed at concluding the incident without loss of life to either the hostages or the hostage takers.

"We signed an agreement whose legal validity will be tested. The fact that we signed this agreement does not mean unequivocally that we will execute it," he said.

He noted that the agreement was signed as knives were held to the throats of hostages. Sheffer conferred before the signing with legal experts, including State Attorney Edna Arbel.

He said the hard core of captors apparently feared the new IDF policy of transferring long-term inmates to civilian prisons.

He said the organizers recruited about 85 other inmates to cooperate in the hostage-taking, although he said the great majority of them were largely passive.

IDF officers maintained that conditions in the prison were not the reason for the hostage-taking. They said that over the last year the army refurbished the cells and improved services.

Maccabiah bridge collapse claims fourth victim

By JONATHAN TEPPERMAN and news agencies

Warren Zines, the Australian athlete who lapsed into critical condition last week following injuries sustained in the Maccabiah bridge collapse, died yesterday, raising the death toll from the July 14 accident to four.

His death intensifies the debate over pollution in the Yarkon River, into which Zines and his teammates fell when the bridge collapsed.

Zines, 56, was a member of the Australian lawn bowling team. He died of a severe respiratory-tract infection, according to Sheba Hospital spokeswoman Rachel Sofer.

His wife Lynne, daughter Lisa, and son Adam were at his bedside. His condition had improved a day after his admission three weeks ago, but it deteriorated soon after, and he went into a coma from severe respiratory insufficiency. Doctors said the high bacterial count in the Yarkon water that he inhaled made it impossible to stabilize his condition.

His body was transferred to the Institute of Forensic Medicine at

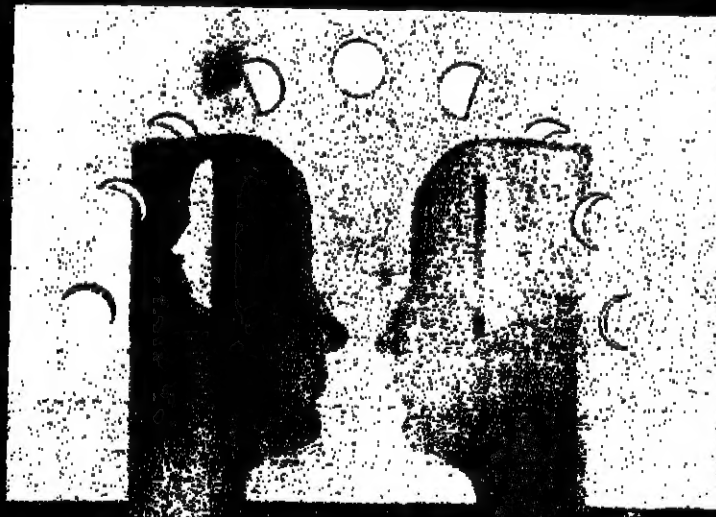
Abu Kabir for an autopsy. "We deeply regret there is yet another death in this terrible episode," said Australian

Ambassador Ian Wilcox. While there is still no medical evidence that contaminants in the Yarkon contributed to the four deaths, Wilcox said that he had urged Israel to speed up the tests it is conducting. "It looks as though [Zines'] death is linked to toxins in the water. It was clearly not just a drowning," said Wilcox.

Two of the four athletes were killed immediately when the footbridge carrying the Australian athletes across the river collapsed. A third died subsequently of lung and kidney complications that hospital officials attributed to pesticides in the water.

While Sofer could not say whether Zines' death was similarly linked to pesticides, Yona Temmenbaum, of the National Coroner's Office, said that "there is a connection between the deaths and the state of the water, although the exact relationship has yet to be determined."

See MACCABIAH, Page 2



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NEWS

in brief

Nurse blamed for delay in sending ambulance

A Rambam Hospital nurse has been disciplined because she failed to take seriously a report of two wounded soldiers in South Lebanon on Saturday night, and did not dispatch an ambulance in time to meet the evacuating helicopter. The ambulance only arrived at the helipad several minutes after the helicopter landed.

Deputy hospital director Dr. Zvi Ben-Yishai conceded yesterday that an error in judgment had been made, but stressed that no harm was done to the soldiers beyond the injury they suffered in the field. The nurse was reprimanded and a note put in her personal file. *Judy Siegel*

Tzurif terror cell members go on trial

The trial began in Lod Military Court yesterday of two men suspected of carrying out murders for the Hamas terrorist cell of Tzurif village. The two, Raad Abu Hamadiya and Aiman Kafisha, both 21, are accused of the murders of Yaron and Efrat Unger in June 1996, Rahel and Ze'ev Munk in July 1996, soldier Sharon Edri in September 1996, and planning the Apropa cafe suicide bombing in Tel Aviv in March 1997.

"I committed all these acts," Hamadiya told reporters outside the court. "I'm not sorry and I express no regret, God forbid." *Itim*

Israeli Arabs visit Syrian refugee camp

The delegation of 42 Israeli Arabs, including several MKs, currently visiting Syria, visited the Yarmouk refugee camp outside Damascus yesterday. The delegation, which arrived Friday, was invited by President Hafez Assad. During the trip, some of its members have criticized the policies of Prime Minister Binyamin Netanyahu and supported Syria's call for a return of the Golan Heights.

The delegation, which also includes heads of local Arab councils and journalists, is supposed to meet Assad on Wednesday. *AP*

Religious MKs want Council Law changed

The religious caucus in the Knesset yesterday demanded that Prime Minister Binyamin Netanyahu back legislation to change the Conversion Law and the Religious Councils Law. It wants the Religious Councils Law amended to bar Reform and Conservative Jews from serving on local religious councils. The caucus also requested that Netanyahu meet with it soon. *Itim*

Gamliel gives up immunity

Deputy Religious Affairs Minister Arye Gamliel said yesterday that he was giving up his parliamentary immunity and requested that the State Attorney's Office immediately accept a police recommendation that he be indicted.

He was responding to reports that the police have recommended he be indicted for harassing attorney Dan Avi-Yitzhak over his testimony in the Bar-On Affair. *Itim*

Peace Now: Thousands of homes built in areas

There are over 4,500 housing units being built in the West Bank and over 3,200 that are already built but are still empty. Peace Now claimed yesterday, adding that these units could absorb up to 35,000 new residents within about a year.

"We are talking about 7,500 reasons to stop the peace process and renew clashes with the Palestinians," a Peace Now spokeswoman said.

The group sent 17 teams to visit all the West Bank settlement to ascertain how many units are being built and how many remain empty. Participating in the survey were Meretz MK Dedi Zucker and Labor MK Ophir Pines. *Jerusalem Post Staff*

Jordan Valley residents protest

A meeting yesterday between Prime Minister Binyamin Netanyahu and residents of the Jordan Valley protesting the economic problems of the area ended without any solutions being agreed on, and the residents vowed to continue their fight. Earlier in the morning, dozens of residents struggled with soldiers before reaching the Adam Bridge and chaining themselves to it. Bewildered soldiers on both sides of the border looked on during the demonstration.

The residents are demanding NIS 12 million in emergency compensation for the severe damage caused to their crops by the weather. They accused Netanyahu of breaking promises he made them. *Liat Collins*

Toddler killed in tractor accident

A three-year-old child from the Abu Kreinat Beduin tribe in the Negev was killed yesterday in a freak accident. The child was playing on a tractor, which suddenly began to move. The frightened child jumped off, but the tractor continued moving and ran over and killed him. Investigators later determined that the child had released the tractor's emergency brake in the course of his play. *Itim*

MACCABIAH

Continued from Page 1

The Yarkon River has already been tested for contamination by dangerous levels of heavy metals, originally suspected as one cause of the Australians' ailments. However, lab tests found that the river did not contain enough radioactive matter to harm humans. Labs in California are now testing water samples for noxious organic matter.

Meanwhile, questions have been raised about the use of mosquito oil sprayed into the river shortly before the bridge collapsed. But Dr. Yeshayahu Bar-Or, head of the water department of the

Environment Ministry, said that tests have shown that the oil was present in low concentrations only, and was environmentally friendly.

More worrying are unidentified hydrocarbons which have also been found in the water. Speaking of the Australian athletes, Bar-Or said: "It should be noted that at least part of their symptoms are those of people who inhale hydrocarbons."

Zines's death leaves alive only one Australian victim hospitalized here: Sacha Elterman, 15. Elterman is still suffering from severe lung damage, cause unknown, and underwent a lung biopsy last week.

Judy Siegel contributed to this report.

Rabbi SAM GENAUER 77

On August 5, 1997, in Riverdale, NY

A talmid haham who imparted a love of life and Torah, a sense of responsibility to family and community and a gentleness to all who knew him

The extended Genauer, Brickman, Greenberg and Schlaff families.

GSS: Souk bombers came from areas

JON IMMANUEL and Rim

The General Security Service is moving closer to the conclusion that both Mahaneh Yehuda suicide bombers came from the West Bank, but need a DNA test to confirm identification, and the families involved are refusing to cooperate. Forcing them to submit to a test would require a court order, which

could be a lengthy process. Even without the test, however, the security services believe they can achieve a high level of certainty based on interviews with people who live near the suspected bombers.

In general, however, the belief they came from the areas and not abroad is reinforced by a belief that if they had come from Lebanon, as PA Chairman Yasser Arafat main-

tains, their names already be known, as their families would have had no incentive to keep quiet about it.

If the terrorists came from the West Bank, their families would keep quiet out of fear of having their homes demolished. In Area A, under full PA control, the incentive could be warnings from Hamas or the PA itself to keep silent, security sources said.

All the factors said to prove a possible foreign identity - ripped-off clothing tags, possession of Jordanian currency, and even the type of explosive used - could be explained away.

But different versions abound. Army Radio reported that one of the bombers was a chemistry student at Bir Zeit University. Attention is focused on Tzurif, the

town near Bethlehem, in which a deadly Hamas cell was uncovered after the Apropa bombing in Tel Aviv was carried out by one of its members, and the Nablus area.

A small Jordanian weekly, however, said the bombers were Palestinians from Jordan. Last week, Kuds in Cyprus said they were Palestinians from the Ein Hilwe refugee camp in Lebanon.

GPO details Palestinian incitement

By JAY BUSHINSKY

The Palestinian Authority violated the Oslo Accords' ban on incitement to violence and hostile propaganda in "nearly 100 statements made by its officials ranging from Chairman Yasser Arafat to the autonomy's senior political and religious leaders," according to a "Four-Year Compendium" issued by the Government Press Office yesterday. It contains remarks quoted by the Palestinian, Israeli, and international news media.

Two of the latest verbal assaults on Israel and Zionism were published yesterday in *Al-Hayat Al-Jadida*, a newspaper generally regarded as being a mouthpiece for the Palestine Liberation Organization.

It quotes Suleiman Rodmi, a member of the Palestinian Legislative Council, as having said: "The words 'State of Israel' should be replaced with 'Zionist entity' in the Palestinian lexicon."

In the same edition, Kamel Hamid, head of Fatah in

Bethlehem, reportedly said that "all means are legitimate to uproot the despicable occupation."

On the eve of US peace envoy Dennis Ross's arrival here, Nabil Amr, also a member of the council, said: "Mr. Ross is honoring us with a working visit today, after the shattered body parts of the Jews were spread about in Mahaneh Yehuda."

The same day, Palestinian TV quoted a speech by Arafat to the council in which he said, "We must confront them" four times, adding "in every sense of the word," in the last incantation.

Also that day, Arafat delivered a speech to Fatah members in Gaza, saying: "It is important that we organize our homes and our movement so that we can more and more endure the coming battle, which we shall initiate."

Echoing the frequently-aided concept of Palestinian irredentism, Yusuf Abu Sneh, a preacher at Al-Aksa Mosque, declared in a

Friday sermon, "The struggle we are waging is an ideological struggle and the question is: Where is the Islamic land of Palestine gone? Where are Haifa and Jaffa, Lod and Ramle, Acre, Safed, and Tiberias? Where are Hebron and Jerusalem?" His words were broadcast on the Voice of Palestine on May 23.

The Voice of Palestine also carried a poem on its morning news program on May 22, after it was first heard during the September, 1996 riots.

O our beautiful land imprisoned in a cage and surrounded by wolves,

My stabled garden, the torturers have destroyed you, and the dogs have settled in thee, O Jerusalem, O my city,

With my notebook and pencil and the fire of my rifle I will shatter the cage,

I will kill the wolves and plant the flag,

The dogs will not bark in the heroic cities.



Memorial at Mahaneh Yehuda

Defense Minister Yitzhak Mordechai (in tie) shakes hands with a bereaved family member at a memorial service yesterday in Jerusalem's Mahaneh Yehuda market at the scene of the July 30 double suicide-bombing. (Brian Hendler)

Outrage at officer's remarks about Druse

By LIAT COLLINS

The Druse community is outraged by the comments of an IDF officer who reportedly told non-commissioned officers at the Tzurif army base last week that the latest recruitment of Druse soldiers into the standing army was aimed at stopping their being recruited by Hamas or other terror organizations.

Several Druse NCOs left the room in protest. The officer, a major, later apologized, but representatives of the community said yesterday they refused to accept the apology. The story was reported on Israel Radio.

The officer was reprimanded, but

Assad Assad, the prime minister's adviser on Arab affairs, and Deputy Education Minister Moshe Peled are calling for her to be dismissed.

Prime Minister Binyamin Netanyahu and Defense Minister Yitzhak Mordechai both condemned the remark. Education Minister Zevulun Hammer said the ministry will discuss ways of emphasizing in school activities the contribution of the Druse community and soldiers to the country.

The story broke the day after two Druse soldiers from an elite combat unit were seriously injured in South Lebanon.

The IDF Spokesman said that

Chief of General Staff Lt.-Gen. Amnon Lipkin-Shahak viewed the matter very seriously and has ordered an investigation into the affair.

Samir Wahaba, the secretary of the committee of Druse reserve officers, also asked for the officer to be removed from the IDF.

He said the apology is not enough. "This type of officer should not be in the IDF. I think it is one of the best enterprises in Israel and we are proud of it and proud to be part of it. We won't accept this situation continuing within the IDF. It really hurts me and my friends that each time that each time somebody makes a racist statement, we

just let it go by. This time won't just let it be," Wahaba said.

"The time has come for Israel to understand once and for all that the Druse community has played a serious role in establishing this country and it is our State of Israel just as much as it is for Jews. We accept that this is a Jewish state, but we have always done what we have required of us. We don't have to keep proving ourselves over and over again."

Wahaba completely rejected a suggestion that the younger members of the community are attracted to anti-Israel terror groups. "It's ridiculous. We don't have to prove

our loyalty to the state," he said.

"The chief of general staff should dedicate one day to the subject of the history of the community and such statements would no longer be made."

Michael Yudeleiman adds: Labor leader Ehud Barak denounced the "racist and false" utterances of an IDF officer about Druse soldiers and called on Mordechai to act urgently to uproot such attitudes.

"The military cemeteries are full of our brothers-in-arms from the Druse community, who bear painful testimony to our shared fate and destiny," Barak said.

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Ben-Ari remand extended

By BAT-SHEVA TSUR

The Supreme Court yesterday ruled in favor of a request from the state attorney and remanded Zvi Ben-Ari (Gregory Lerner) for a further 15 days.

Police cannot hold someone for more than 90 days without charging him, unless they get permission from the Supreme Court. The 90-day period for Ben-Ari elapsed last week.

Justice Ya'acov Kedmi, who heard the state's request on Friday, had said he was concerned about extending the remand. But yesterday, he announced that the remand would remain in effect while the state continues investigating, on the grounds there is concern that Ben-Ari, who is allegedly part of an organized crime network, would attempt to flee the country and influence witnesses.

According to reports, Ben-Ari had wound up his extensive business contacts in Israel

and had been planning to leave for the US before he was arrested.

Kedmi said he believes the state would complete its investigation shortly.

Ben-Ari's lawyer, Pinna Dvorin, said later that Kedmi had said he would not be prepared to reextend the remand "unless there was some dramatic development."

Meanwhile, the police investigation into the affair, which has involved questioning numerous politicians from a broad spectrum

of political parties, continued yesterday.

Two police officers arrived at the Knesset bureau of Absorption Minister Yuli Edelstein (Yisrael Ba'aliya) in the afternoon to hear his testimony. Edelstein headed Olami, a non-profit organization of new immigrants, which is believed to have received a \$100,000 loan from Lerner.

Industry and Trade Minister Natan Sharansky (Yisrael Ba'aliya) testified to police last week about the case.



An Antiquities Authority worker yesterday climbs past one cave that was not destroyed at an archaeological site overlooking Road No. 1 in northern Jerusalem. (Brian Hendler)

Tractors destroy ancient graves in north Jerusalem

By ARYEH DEAN COHEN

It took tractors only half an hour Thursday night to destroy several first- and second-century graves at an archaeological site in northern Jerusalem overlooking Pisgat Ze'ev.

Yesterday morning, only a mound of debris remained of a slope that had been rich with archaeological finds, just below the biblical Givat Shaul, where tradition says King Saul was anointed.

Jerusalem District Archeologist Gideon Avni blamed the "act of deliberate destruction" on tractors working for Moriah, the municipal development company, which is building Road No. 1 linking Jerusalem's northern suburbs and highways coming from the west to the center of the capital.

"The work here has been going on for about three months, with the cooperation of the Jerusalem Municipality, the Moriah company, and with the direct intervention of Deputy Housing and Construction Minister Meir Porush, with the dig aimed at locating burial caves," Avni explained at the site.

"This past week, when we started making progress in the dig, it turned out that the central part... was exactly in the path of the highway being built, and that there were graves there, too. We found this out on Wednesday, and alerted everyone who needed to know."

"On Thursday night, judging from the reports we received from witnesses, the Moriah company took unilateral action and destroyed part of the site. It didn't heed our warnings. It was done illegally, and destroyed graves, some of them with large stone tablets alongside them, which may have contained glass objects and jewelry."

"We believe this was done deliberately by those responsible for building the road. This is unprecedented in Jerusalem or the rest of Israel." The destroyed site also included a columbarium, a structure dug out of the rock for raising doves, Avni said.

However, a Moriah spokesman denied any wrongdoing, and said that on a visit to the site last Tuesday, Moriah representatives were given verbal permission by an Antiquities Authority official there to begin work "on the sector where the columbarium is," and that this was

also approved by an Association for Prevention of Grave Desecration there. He said verbal approval for such work had been enough in the past.

However, an Antiquities Authority official said such work could only begin after written permission was granted, and it was highly unlikely that an archeologist or haredi representative would have verbally approved such work knowing that graves at the site had not yet been cleared.

"We believe whoever did this knew what they were doing," said Antiquities Authority Director-General Amir Droni.

"We very much fear that if no solution is found for dealing with antiquities, including ancient graves, and if no way is found to remove them in an organized, respectful way... the developers, seeing there is no solution, will take the law into their own hands and solve the problem the way they did here - with half an hour of tractor work, in the middle of the night."

If this happens, Droni said, Israeli archeology "will be set back years."

The destruction made history of another sort as well, forming a rare alliance between haredim and archeologists against those who destroyed the graves.

"The Antiquities Authority was absolutely okay in the way they treated the site. The crime committed here was committed solely by the Moriah company," said Micha Rothschild, a member of the haredi Association for the Prevention of Grave Desecration, who also warned of demonstrations by haredim at the site.

A spokesman for Porush said that "what we feared has come to pass."

Item adds: The Antiquities Authority is not to excavate any ancient grave without first discussing it with the Burial Services Department of the Religious Affairs Ministry, Attorney-General Elyakim Rubinstein ruled yesterday.

If the two bodies cannot come to an agreement, no digging is to be done without consulting with an aide to the attorney-general who will be designated to mediate such disputes. Any decision made must consider both the honor of the dead and the need for scientific inquiry.

Cabinet OKs Peled panel proposals

By JUDY SIEGEL

There will be more TV channels available when the Peled Committee's recommendations — approved unanimously by the cabinet yesterday — are implemented over the next five years.

The committee was appointed by Communications Minister Limor Livnat, who called the guidelines in the committee report a "real revolution" and an era of "open skies... which will affect the quality of life of every Israeli."

She added that if the present situation is left untouched, foreign companies would flood Israel with satellite broadcasts without any public controls.

Over the next five years, an additional commercial channel will be launched in competition with Channel 2, plus five special channels that will broadcast over the cable network: a news channel, a music channel, a Jewish heritage channel, a Russian- and Amharic-language channel, and an Arabic-language channel.

In addition, the government decided to amend the law to allow direct satellite broadcasting as an alternative to the cable companies, which will no longer enjoy a monopoly in each area. The cable

companies will have to offer a basic cable package for a lower price, with additional channels available as options for extra money.

The Second Channel will be run by a single consortium to compete with the additional commercial channel. The government will also look into the possibility of establishing a satellite channel that would broadcast to the Diaspora.

Major changes will be made in regional radio station franchises. National broadcasts would be permitted. In addition, digital radio broadcasting will be made possible, with the allocation of licenses to many stations. Livnat was empowered to issue a tender for a national radio station devoted to religious programming.

A national broadcasting authority would be established instead of the multiplicity of institutions existing today. In addition, an ombudsman to receive complaints from the public about broadcasting and advertising will be appointed.

To implement all these changes, the government decided to set up a special body headed by an inter-ministerial steering committee. The Communications Ministry will receive an extra allocation for this purpose.

Tisha Be'av begins tonight

By JONATHAN TEPFERMAN and Itim

Tisha Be'av, the fast which marks the destruction of the First and Second Temples, will begin this evening at 7:20 p.m. and run until 8:05 tomorrow night.

Mech of the country - including restaurants, stores, and places of business - will shut down for the duration of the fast, while many offices will run on skeleton crews.

Tisha Be'av - the ninth day of the Hebrew month of Av - ends a three-week mourning period during which new clothes are not worn, haircuts are not taken, and weddings are not performed.

Observant Jews also do not bathe, wear leather shoes, or

meet friends on Tisha Be'av. Until midnight, they sit on low benches or on the floor. The Book of Lamentations is read tonight and fingers known as *ayin* are recited tonight and tomorrow.

Each year, thousands of people fill the Western Wall plaza for the evening ceremony. The Jerusalem police is beefing up its forces to assure security and public order throughout the day.

Rabbi Haim David Halperin, the chief rabbi of Tel Aviv-Jaffa, called on the owners of restaurants, cafes, and leisure establishments in the city to keep them closed during the fast, even though the Tel Aviv Magistrate's Court struck down the total by-law requiring that they be closed.

NEWS

in brief

Gov't workers, Bezeq sanctions to continue

Labor sanctions in Bezeq and in government offices are expected to continue today, as workers protest Finance Ministry attempts to lower their salaries. Workers at the National Insurance Institute, Housing Ministry, Absorption Ministry, Labor and Social Affairs Ministry, Interior Ministry, Public Works Department, Education Ministry, and Transport Ministry will not answer telephones or receive the public. Yesterday, workers at the Prime Minister's Office and the National Infrastructure Ministry imposed sanctions.

The Histadrut yesterday decided to increase its opposition to the Treasury's proposals for restructuring the economy, threatening a general strike next Sunday. *Itim*

Taxi drivers hold protest meeting

Taxi service was disrupted in the Dan region yesterday morning, as some 1,000 taxi drivers held a protest meeting at the Hadar Yosef Stadium between 7:30 and 10:30 a.m.

The taxi drivers are demanding that "green numbers" given to taxis not be sold to anyone who asks for them, even those who are not licensed to drive a taxi. They are also demanding a 40 percent rise in fares, a lowering of insurance premiums, and that a special fare be instituted for carrying three or more passengers. They are also demanding measures to protect drivers, after eight cabbies were murdered in the past year. *Itim*

11 airlines ban smoking on their flights

Airline passengers can breathe easier now that 11 foreign airlines have barred smoking on flights to and from Israel. The agreement was reached at the request of Transport Minister Yitzhak Levy, who was required by the High Court of Justice to ban smoking on flights up to five hours long.

Starting September 1, there will be no smoking on flights to Norway, Sweden, Finland, and England, and from November 1 the ban will include France and Poland. At present, domestic El Al and Arkia flights and those to Turkey, Greece, Cyprus, Egypt, and Jordan are smoke free. KLM, American Airlines, Canada Air, TWA and British Airways have barred smoking on all their flights. *Judy Siegel*

State wants 2 weeks to study Brenner app't

The State Attorney's Office has asked the High Court of Justice to give the Minister of Religious Affairs an additional two weeks to appoint Reform Movement representative Dr. Joyce Brenner to the Netanya Religious Council. The state said the minister has not had sufficient time to study all the public implications of the appointment. Last week, the court ruled that the minister was obliged to publish the appointment in the official government gazette, *Reshumot*, within a week. The appointment becomes official with the publication. *Itim*

Artificial heart recipient to be discharged

Yishai Einbinder, who made Israeli history by becoming the first patient to survive the implantation of an artificial heart, will soon be discharged in good health and be able to return to his work as an English teacher. Sheba Hospital at Tel Hashomer said Einbinder is a candidate for a heart transplant, but would probably have to wait a long time because he has a rare type of blood. Dr. Ya'acov Lavie, head of the hospital's heart transplant unit, said Einbinder had recovered rapidly and would be able to return to his normal routine when he returns home. A small battery worn outside his body powers the artificial pump, which was manufactured abroad. "I will never forget how you returned my life to me," Einbinder said yesterday. *Judy Siegel*

Medical workers to wear name tags

Workers in medical institutions will from now on be required to wear name tags, according to instructions issued yesterday by Health Minister Yehoshua Matza. The regulations implement a section of the Patients' Rights Law. Matza said he hopes the new rules, requiring the name, position, and identity card number to be worn by each staffer, would "contribute to the deepening of the human aspect in medical treatment, a dimension that is second to none." The ministry regulations also state that if a patient is not able to read the tag, workers will identify themselves orally. *Judy Siegel*

Worker killed during protest

Shalom Alshavili was killed yesterday during an illegal protest he and other workers from a Petah Tikva plywood factory held on the Jerusalem-Tel Aviv highway.

Some 100 workers from the factory halted traffic on the Jerusalem-bound side of the highway near the Ben-Shemen interchange, burning tires in the middle of the road. Alshavili, 41, of Lod, and several other workers decided to halt traffic in the other direction as well. He started across the highway and was fatally hit by a car driven by a 24-year-old Ben-Shemen resident.

Immediately after the accident, police removed the protesters and traffic resumed.

Police arrested two of the demonstration's organizers and said they will request they be remanded for several days. The hearing is scheduled for this morning in Ramle Magistrate's Court. Police said it is illegal to hold protests where they did, due to the dangers it entails. About three years ago, a protester was killed nearby in similar circumstances. *(Itim)*

Hammer: Budget cut may delay school opening

By ARYEH DEAN COHEN

The Finance Ministry's planned cut in the Education Ministry budget may mean schools will not open on September 1 as scheduled, Education Minister Zevulun Hammer said yesterday.

Hammer was speaking after he and Director-General Benzion Dell met with Prime Minister Binyamin Netanyahu and Finance

Minister Yaakov Neeman. They said the Treasury's stand means a cut in the budget beyond that which was agreed upon, and a retraction of the agreement by which Hammer would decide where the cuts would be made.

"We believe this to be a decree the system cannot stand, and it means that the Education Ministry will not be able to start the school year on time," they said.

Hammer said during the meeting that he had never encountered such an unfeeling attitude as that being currently expressed by Finance Ministry officials.

He added that the Finance Ministry is placing unjustified financial burdens on the Education Ministry. He said the ministry's position would make a mockery of the long-school-day project.

Law against mental cruelty proposed

By BAT-SHEVA TSUR

State Attorney Edna Arbel has proposed to the justice minister and attorney-general that the Penal Law (1977) be amended so that it will include cases of mental cruelty between spouses.

Under the existing law, psychological abuse of minors and other defenseless individuals is a crime.

Arbel said this is based on the assumption that there is a lack of symmetry in the power that one party has over the other. To a lesser extent, this happens in certain relations

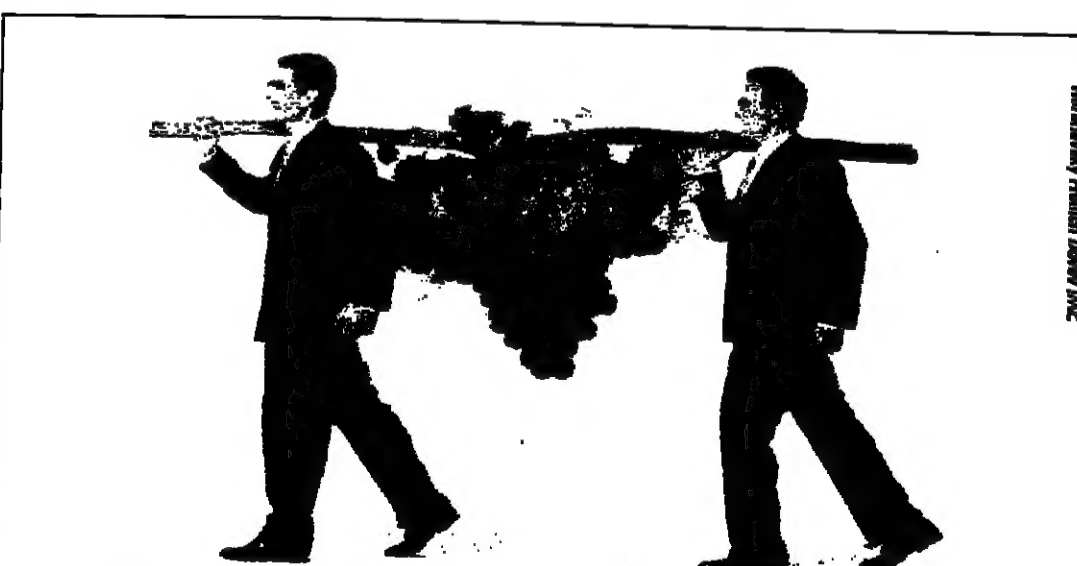
between a couple when one partner, or former partner, is more dependent than the other, for example from the economic or physical point of view.

The more dependent party generally happens to be the woman, who can be subject to ill-treatment and threats, and various other serious forms of non-physical degradation, she pointed out. In a smaller number of instances, men suffer mental cruelty from partners, and the law should make allowances for this.

The initiative for the amendment came from Tel Aviv District Court Judge Saviona Rot-

Levy. She called on the authorities to follow the lead of foreign legislation, citing a case in which she was forced to sentence a man only for physical violence toward his spouse, despite the fact that he had subjected her to psychological abuse that was far more violent. In one instance, the man forced his wife to go down on all fours in a field, to bark like a dog and tell him she loved him, while he stood by with a rottweiler.

There is a fine distinction, Arbel noted between human liberties and the need to protect certain weaker elements of the population.



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Radar software error found in Korean Air plane crash

AGANA, Guam (AP) - A software error crippled an airport radar system that might have prevented last week's deadly crash of a Korean Air jet in Guam, federal investigators said yesterday.

The system, called an FAA Radar Minimum Safe Altitude Warning, normally issues an alert if a jet is flying too low, and officials on the ground can then tell the pilot.

Federal agents investigating the crash, however, said the system - located at Andersen Air Force Base - was modified recently and an error was apparently inserted into the software.

Korean Air Flight 801 crashed into a hillside overlooking Guam International Airport on Wednesday morning, killing 225 people. Investigators are trying to figure out why the jet was flying so close to the ground.

National Transportation Safety Board investigators said the software error could not be pinpointed as the culprit in the crash, but a properly working system could have alerted the pilot to pull the jet to a higher altitude.

"This is not a cause - it might have possibly been a prevention," said George Black, an NTSB member.

Investigators think the pilot had full control of the jet at the time of the crash, and are looking for clues to tell them why he was flying so low.

16 die in Taiwanese plane crash

But there was still months of work to be done, agents said.

Even without the warning system, the pilot had several instruments on hand that could have told him that the plane was too close to the hillside.

The warning system was not the only piece of equipment not operating on Guam at the time of the crash. The airport's "glide slope" - which helps guide the pilot to the runway - was out for regular maintenance. Many airports, however, do not have glide slopes and pilots use other methods for landing planes.

The altitude warning system is designed to cover a circular area with a radius of 102 km. However, since the software was modified, the system only covered about a 1.5 km. circular strip that ran the circumference of that area. Flight 801 was not covered when it crashed.

Officials still were not sure when the software was altered or whether it was only done on Guam. The FAA is looking into that, they said.

Black said the software was modified to stop the system from giving too many false alarms. "The modification modified too much," he said.

Investigators were also looking at other crucial aspects of the

crash, such as the affect the heavy rain might have had.

NTSB officials have also gone to Seoul to look at Korean Air's training methods and the crew records.

Much of the wreckage from the flight was still at the crash site, where workers were busy collecting the remains of the victims. The operation has been hampered by rough, hillside terrain. About 130 bodies have been recovered so far and 39 have been identified, Black said.

Korean Air Vice President Lee Tae-won told a news conference in Seoul that workers would try to lift the tail section of the Boeing 747 to try to recover bodies believed to be crushed underneath. The search for remains was expected to be completed by today, Lee said.

About 400 mourners - mostly family members of the dead - gathered for an interdenominational memorial service at the Pacific Presbyterian Church for the victims yesterday afternoon.

Guam Gov. Carl Gutierrez told the mourners that he wants to build a memorial to the victims at the crash site or somewhere nearby "so we may honor those people who perished and allow the families ... to come back to pray for their souls."

Meanwhile, a domestic airliner

slammed into a mountain on a Taiwanese island yesterday, killing all 16 people aboard, airline officials said.

It was the second deadly crash in the Matsu island group in 16 months.

The Formosa Airlines plane crashed at 8:15 a.m. after a 50-minute flight from Taipei to the heavily garrisoned island just off the coast of China, officials said.

Slate radio said the plane, a 19-seat Dornier 228, crashed into a 300-meter-high mountain and burst into flames while making a second pass at the island's tiny airport.

Military rescuers said they put out the flames in about an hour and recovered the bodies of passengers and crew, most charred almost beyond recognition, near the wreckage. The plane was carrying a pilot, co-pilot, and 14 passengers.

Soldiers were opening a road through to the crash site in thick undergrowth on Beikun Island, where Matsu's airport is located, said Tsao Yi-piao, a volunteer firefighter.

Victims included a family of four, a TV network reporter. It was not immediately known whether they were residents of Matsu, which has a population of about 5,000. One woman survived the crash, but died of her injuries one hour after being taken to a

hospital.

Aeronautics officials said the pilot asked the control tower for a second chance to land, but lost contact after pulling up.

Light rain impaired visibility at the time of the crash, but conditions were above minimum safety standards for flying, the Civil Aeronautics Administration's Air Navigation Weather Service said.

Matsu's airport had to close later because of poor visibility and investigators were unable to visit the site, the CAA said.

The CAA said it was suspending Formosa's flights to Matsu and turning the route over to another airline.

Relatives of crash victims were being ferried to the island aboard helicopters and by overnight boat, the airline said.

Matsu lies 10 km. off the eastern coast of China. It is 200 km. north-west of Taipei.

It was not immediately clear what caused the plane to crash.

The airplane's black box flight recorder has been recovered and sent to the airline's Matsu office to await analysis by investigators, the TVBS cable news network reported.

The Matsu airport lacks a radar guidance system to help planes land and has no lights on the runway, the *United Evening News* reported. CAA officials could not be contacted for confirmation of the newspaper report.

US governors roll dice on gambling

By CECI CONNOLLY

LAS VEGAS (Washington Post) - At home in Ohio, Governor George V. Voinovich wages a "holy crusade" against the evils of gambling, singling out casinos as the worst of all - "the crack cocaine" of the money-changing business, as he puts it.

But drop him here in the heart of America's gambling playground, and Voinovich expounds about the city's fabulous "quality of life," the "mind-boggling architecture" and the great entertainment for kids - all thanks to the industry he denigrates.

It seems that politicians, like ordinary citizens, are conflicted about gambling.

"People are somewhat schizophrenic" about gambling, said Republican Christine Todd Whitman, who as governor of New Jersey knows well the pros and cons of the business. "They like it in Atlantic City, but they don't want it elsewhere."

Gambling and politicians have always made strange bedfellows, but nowhere was that more evident than at the recent meeting of the National Governors' Association.

Amid a fantasy land of fire-spewing volcanoes, quickie weddings and neon galore, governors such as Voinovich were forced for four days to confront the money, men and immorality they have attacked for so long.

And this was not just any casino; it was Steve Wynn's Mirage Resorts Inc., an empire that poured more than a half-million dollars into the 1996 elections.

For decades, the tension between gambling and politicians revolved around money, specifically how to collect the tax revenue and campaign donations without receiving any of the related societal woes or image problems.

Whitman recalls taking her son to Atlantic City and being "monumentally uncomfortable with a 13-year-old boy with half-naked women running around," she said. Nevertheless, "It has a huge impact on the budget. It provides money for our prescription drug program, educational programs and others."

But now comes a changing political climate and a new player on the scene. With robust state economies, many governors say they are not so desperate for the gambling tax revenue that once paid for new schools and roads. So now the tension is between the desire for campaign contributions and an increasingly influential conservative grass-roots movement.

"Here's the dilemma," said Claremont-McKenna College political scientist John J.

Pitney: "Casinos contribute Christians vote."

Christian groups say they have always opposed "gambling," as it is euphemistically dubbed. But activities once limited to Las Vegas and Atlantic City are now "in vogue all over," Christian Coalition spokesman Arne Owens said.

Today, all but three states - Utah, Tennessee and Hawaii - have some form of gambling.

Social conservatives such as Gary Bauer, head of the Family Research Council, said the tension is particularly acute in the Republican Party.

"The folks most likely to oppose gambling are the newest arrivals to the Republican coalition," he said. "Nonetheless, the party hierarchy has accepted money from the gambling industry. There are a lot of potential crosscurrents of tension here."

Voinovich, who does not accept gambling money, urged then-Republican National Committee chairman Haley Barbour in 1995 to do the same.

"We cannot on the one hand hold ourselves out to be a pro-family party, and then on the other take money from the people who are making the most aggressive attempt to hurt the family," he wrote.

Although it is difficult to track gambling donations, a few things are known: The industry gave at least \$6 million to federal campaigns in the 1996 election cycle and invested heavily in state politics.

For the Christian right, the fight over gambling is the logical next step in its effort to overtake American politics.

"You've got the '98 elections coming up and then you have the presidential election," said Tom Grey, an Illinois minister and executive director of the National Coalition Against Gambling Expansion. "By the time you get to those elections, I doubt there will be anyone accepting donations from the gambling industry."

So far this year, nine of 10 states have rejected proposals for slots at racetracks, and seven of eight rejected some other form of gambling, Grey said. But Frank J. Fahrenkopf Jr., president of the American Gaming Association, said Grey cannot take credit for some of the states that turned down gambling.

"Sure, there are people morally opposed," he said. "But more than likely it's one element of the industry that doesn't want competition from another."

Many governors, equipped with studies calling into question the economic benefits of gambling, are moving away from the industry.

Iran penalizes European exporters

TEHERAN (Reuters) - Iran is penalizing German and British exporters following a Berlin court verdict that Tehran's rulers ordered political killings abroad, Western businessmen and diplomats in Teheran said yesterday.

"We have an unspoken boycott which started three days after Mykonos ... you can feel it," a German businessman said.

A Berlin court in April ruled that Iran's top leaders had ordered the assassination of three dissident Iranian Kurds

and their translator in the city's Mykonos restaurant in 1992.

Germany is one of Iran's major trading partners.

"Iran's Commerce Ministry is blacklisting German and British firms and operating a discriminatory import policy," a Western diplomat said.

The Mykonos ruling, which Tehran strongly rejected, led the European Union states except Greece to recall their ambassadors from the Iranian capital, suspend ministerial contacts and stop their policy of "critical dialogue" with the Islamic republic.

The Greek ambassador was not involved, because he was on holiday at the time.

Teheran has since said that the European diplomats can return, but that the German ambassador must be the last to do so, a formula which Bonn has denounced.

A letter of credit issued by one Iranian commercial bank last week took the unprecedented step of specifically excluding German firms - along with

Israel - from supplying goods under the financing, the sources said.

"If that trend continues we really have to worry. We have to find out what's behind it.... When major projects are offered we could lose out and the loss would be permanent," the German businessman said.

Political fallout from the trial has now resulted in Iran's Commerce Ministry delaying and in some cases rejecting requests from Iranian businessmen to approve hard currency allocations to import certain goods from Germany and also from Britain, with which Iran is still at loggerheads over the Rushdie affair.

London's relations with Teheran have been strained since Iran's late spiritual leader Ayatollah Ruhollah Khomeini issued a death edict against British author Salman Rushdie in 1989 for allegedly blaspheming Islam in his novel *The Satanic Verses*.

The Western diplomat estimated that a third of all contracts

lined up by German and British firms with Iranian suppliers were being lost because of the apparent trade ban.

Although the unofficial ban was not total, it was centered on non-strategic supplies such as chemical products, steel, oil, and gas components that Iran could buy from other European and international suppliers, the sources said.

Iranian President Mohammad Khatami, sworn in last Monday, has said that the Islamic republic must broaden its trade horizons, particularly with Asia.

Teheran already has attempted to fight off a series of US sanctions by turning to new suppliers.

"Commerce [Ministry] is still approving contracts for what they absolutely need where there is no alternative. But they are looking elsewhere even if it means paying more for not getting German goods," another embassy official said.

"It all started back in April and the timing has not been lost," he added.

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Thursday Sept. 4

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Wednesday Sept. 17

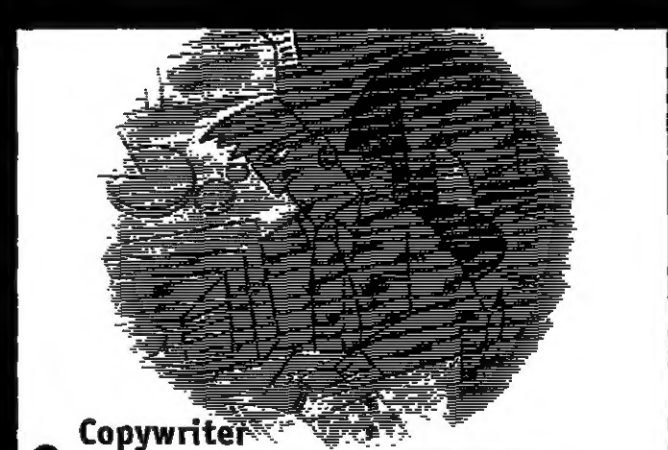
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Police deny raiding Thatcher's son's home

CAPE TOWN (AP) - A Cape Town police official yesterday denied British press reports that police raided the home of Mark Thatcher, son of former British prime minister Margaret Thatcher. Supt. John Sterenberg said the only police visits to Thatcher's house have been in regard to an investigation into the possibility that his guards may have made illegal use of official police equipment. Thatcher, who settled in the posh neighborhood of Constantia in Wynberg last year, employs community police reservists to guard his home.

The reservists are volunteers trained to assist police officers and function under police command. The practice of paying them to guard a private home is acceptable, Sterenberg said. But they aren't allowed to use official police insignia or equipment when they are off duty. He said two policemen had visited the Thatcher home over the past two weeks - once to remove the official insignia from a guard's uniform, and once to remove an official police radio from Thatcher's guardhouse.

"When [the reservists] are off duty, we have no control over their comings and goings, and they may wear the uniforms," Sterenberg said. "But we do control the use of equipment and of the insignia."

The investigation, which was handed over by police to the newly-formed Independent Complaints Directorate, was prompted by a journalist's complaint that he had been treated "arrogantly" by one of the guards, Sterenberg said.

More than a Saab story

By STEPHEN HUNTER

It's easy to make light of *Jerusalem's* ornate plotting and pre-modern adoration of coincidence, sudden twists and long discussions with God, but one must point out that as an example of the pleasures of old-fashioned work — ornate plotting, coincidence, sudden twists and long discussions with God — the movie is first rate. It's fabulously watchable, a virtual time machine that turns 180 minutes into a couple of thousand seconds, somewhat reminiscent of Claude Berri's *Jean de Florette* and *Manon of the Spring*. And here's the best part: Before it makes you happy, it makes you really sad.

For *Jerusalem*, despite the Mediterranean location of the title, is as Swedish as the Volvo, the Saab, the meatball, but not as user-friendly as Ikea.

It is so Swedish that guilt squishes its characters like a leaden cloud from Heaven, seeming to amplify the power of gravity so that their jaws hang down to the grass and their spines curve under the weight like Apache bows.

You've never seen so many haunted, regretful, beautiful people. After this you'll need a little early Bergman for a light pick-me-up.

I guess the novel, in its original Swedish, ran for thousands of densely packed pages. It was written by one of the more unread Nobel laureates on record, Selma Lagerlöf. Director Bille August's version, which screened recently at the American Film Institute in Washington, is a riposte of narrative, a gush of roaring events featuring not merely guilt but depression, dishonesty, treachery, religious zealotry, violence and chastity. Jesus makes a guest appearance.

Story? You don't have the time, I don't have the energy. Very briefly, Ingmar, sworn to protect his farm and village, sells out his true love, Gertrud (Maria Bonnevie), in order to marry Barbro (Lena Endre) for her dowry and thereby recover his lost farm.

Thus disenchanted, Gertrud sets out with a colony of pilgrims headed for the city of the title, where death, flies, too much sun, and no yeast in the bread take their toll.

Things worsen when Ingmar, played by strapping Ulf Friberg, who could probably start for most NFL teams, actually falls in love with his betrothed wife, and she with him, but both of them are so crushed by their betrayal of Gertrud that they decide to divorce. Little does Ingmar know that Barbro has gotten pregnant and Gertrud has fallen in love with a guy who looks just like David Hyde Pierce. And I haven't even begun to tell you about Hellegrun, the mad minister, and Elias, the drunken husband of Karin, Ingmar's big sister.

The film is not rated but contains scenes of violence and sexuality.

(The Washington Post)



Big hats in the Big Apple

Garth Brooks fans wait for the country singer's free concert in Central Park on Thursday night. Hundreds of thousands of Brooks devotees from across the US, and even from abroad, attended the show. Brooks claimed that the audience numbered 900,000, but the police estimate was a "mere" 250,000.

(Reuters)

MOVIE REVIEW

The goofy assassin

By ADINA HOFFMAN

Grosse Pointe Blank is a mordant little comedy about a professional assassin (John Cusack) who returns to his Michigan hometown for the first time in a decade to attend his high-school reunion. Everyone wonders where Martin's been all these years (he disappeared without a trace on prom night), especially his old girlfriend, Debi (Minnie Driver), who has married and divorced since being stood up for the big dance. She still lives in Grosse Pointe, though, and apparently still feels strongly for her long-lost first love, as he does for her.

GROSSE POINTE BLANK

Directed by George Armitage. Screenplay by Tom Jankiewicz, D.V. DeVincentis, Steve Pink and John Cusack. Hebrew title: *Migash P'Grosse Pointe*. 107 minutes. English dialogue, Hebrew subtitles. Children under 17 not admitted without an adult. With John Cusack, Minnie Driver, Dan Aykroyd, Alan Arkin and Joan Cusack.

The joke, of course, is that John Cusack looks more milkman than hitman: he has searching eyes, pudgy cheeks and the lanky build of a teenager, and

despite the fact that cold-blooded murder is his character's line of work, he blushes and can't keep his voice from going flutery when he's reunited with Debi. (In some of the best scenes, he tries to talk out his girl-problems with his jumpy shrink, played by Alan Arkin, who feels understandably ill-at-ease about treating a self-declared murderer.)

But Martin makes little effort to hide what he does. Whenever an old pal asks what he's been up to since senior year, he doesn't blink, and simply explains that he's a professional killer, to which a distracted chuckle is the usual reply. It sounds so outrageous that no one even stops to realize he might actually be telling the truth.

Directed by George Armitage, from a script by Tom Jankiewicz, D.V. DeVincentis, Steve Pink and Cusack, *Grosse Pointe* belongs to an emotionally limited but amusing category of hip satirical film — of which *Heathers* is probably the classic example — that treat adolescence in the American suburbs as the banal, upper-middle-class equivalent to coming of age in hell. Watching Martin cruise around the pristine streets of this paint-by-numbers American Dreamland, some sick part of us understands his compulsion to kill: everything is just so in *Grosse Pointe*, including the Ultimate convenience store that



John Cusack: More milkman than hitman

has taken over the plot of land that once held Martin's childhood home. The cheerful banners that fill the high-school halls, meanwhile, urge the town's youth to "Reach for the Stars!" "Achieve!" and "Just Say No!" Martin himself, the freelance nihilist, has in fact said "no" — to life. But his career choice is not, one imagines, exactly what the student council had in mind with this peppy slogan.

Grosse Pointe doesn't completely hold together as a sharply pointed satire should. In places, it feels nasty in a sophomoric way as well as comically claustrophobic; we sense the presence of a whole quartet of clever scriptwriters,

straining to pack every last second with yet another biting quip. Conceptually, too, the movie gets murky around the middle. The filmmakers can't seem to decide if they want to come down on the side of irony, sarcasm, and comic-book-styled violence or of happiness, romance and domestic bliss. So they fudge it and try for a blend of all of the above. The result is confused and slightly confusing. Still, the picture gets a big boost from the actors, who ride their one-liners easily, never forcing a joke.

In addition to Cusack, who brings a goofy, off-kilter appeal to even this most morally contemptible role, Dan Aykroyd and Joan Cusack (John's real-life sister) play funny, quirky bit parts. And in the female lead, Driver is quite endearing. A young British actress who seems to be making a splash in the States (with recent supporting parts in *Sleepers* and *Big Night*), she brings a bubbly frankness to whatever she does. Her head of bushy curls and square, expressive jaw give her a very actual sort of prettiness: she's not movie-star beautiful in the usual sense, but her features are animated by her lively personality and quick intelligence. The longer she's onscreen, the better she looks, and she and Cusack develop a light, flirty rapport that helps the film hold us even through the script's weak patches.

NEWS

of the muse

Elvis hailed as civil rights promoter

Elvis Presley should be remembered as one of America's most influential civil rights figures, according to a professor and rock-music historian at the University of Florida.

With his first recording in 1954, Presley did something no one had ever done before. He brought black culture and white culture together on one record, said William McKeen, a U of F journalism professor and co-author of the soon-to-be released *Norton Book of Rock 'n' Roll*.

Presley's first single from Sun Records featured the bluegrass standard *Blue Moon of Kentucky* on one side and a black blues song called *That's All Right (Mama)* on the other.

Elvis arrived on the scene during a key moment in popular culture, when Martin Luther King was beginning to be a player and when the Supreme Court outlawed classroom segregation.

By following this pattern of combining black music with white, Elvis helped to open people's minds to other cultures, said McKeen, who teaches a class in rock-music history.

Saturday will mark the 20th anniversary of the death of the King of Rock 'n' Roll. (Reuters)

James Brown to 'get down' in Beirut

James Brown feels good about going to Beirut — he knows that he should, now that Madeleine Albright has lifted the travel ban.

Brown, the Georgia native whose hits include *I Got You (I Feel Good)*, will give a concert August 30 at the Hotel Albustan in the Lebanese capital. "I have been blessed, blessed, blessed," said the Godfather of Soul. "I just love everybody. I want to make those people happy." US Secretary of State Albright recently lifted a 10-year-old ban on travel to Lebanon. Brown said he hopes his music can help stop the violence there. "We have got to quit this killing," he said.

Brown also said he will perform September 1 at the Kremlin in Moscow. (AP)

Dana for president of Ireland?

She's performed for the pope, written an autobiography, starred on Catholic television and now, living in a lush American suburb of Birmingham, Alabama, the singer Dana has her sights set on the presidency of Ireland.

The Irish-born singer, whose real name is Rosemary Brown, often appears on a Catholic television network in Alabama. She said that she would give up her career if elected president of Ireland, succeeding Mary Robinson, who is stepping down in September. Dublin's *Irish Times* quoted an anonymous political player as saying that Dana was "the latest silly-season suggestion for the presidency." Ireland's presidency is mostly honorary and the duties are mainly ceremonial. The prime minister is the country's executive decision-maker.

The 45-year-old singer rose to stardom in 1970 when she represented Ireland and beat Julio Iglesias at the Eurovision Song Contest. (AP)

Demi Moore denied SEAL of approval

Before Demi Moore started filming her latest movie, *G.I. Jane*, the actress sought the military's help in creating an accurate setting for the story of a woman determined to become the Navy's first SEAL (an acronym for the Navy's Sea, Air, Land forces).

Not interested, responded the Navy. The problem?

"We felt that the script we reviewed didn't reflect today's military," said Rear Adm. Kendall Pease, the Navy's chief of information. "Our objective, when we give cooperation with a film, is realism." Pease said.

The film features a muscular Moore — complete with a crew cut — suffering sweat, tears, and a military conspiracy in an attempt to join the elite Navy force. As far as realism goes, there are no female SEALs. And "GI" is usually reserved for foot soldiers; "swabbies" is the comparable term for Navy personnel. "Remember, this is a movie," Pease said. "It is entertainment, not fact."

Moore reportedly wanted to film at Navy facilities, with Navy personnel and equipment. She even called President Clinton's office last year hoping the commander-in-chief would pitch her request.

Eventually, the call was routed to the Pentagon, which turned the actress down. But Moore was allowed to observe SEAL training exercises in San Diego.

As for scenery, the Disney-owned Hollywood Pictures had to resort to using a military reservation in Florida and dressing it up like a secret training camp. "We really scratched our heads over some of their stuff," said one Navy officer. (AP)



Demi Moore

Mary Pickford's golden silents

By STEPHANIE ELIZONDO GRIEST

A common perception of Mary Pickford may be that when she died at 87 she was still America's sweetheart, the girl with a headful of curls who played in dozens of silent films. But according to a new biography, Eileen Whitfield, that is about as true to life as the image of Charlie Chaplin in a silk top hat eating caviar and seducing negligee-clad women.

"Mary Pickford's style was more 'You be straight with me or I'll kick you,'" said Whitfield, whose biography, *Pickford: The Woman Who Made Hollywood*, is to be published by the University Press of Kentucky in September. "She knew what she was worth, and she didn't hesitate to ask for it. She was a woman in complete control."

Pickford, the first woman to become a movie mogul and one of the founders of United Artists, recently returned to the screen for the start of a two-year worldwide retrospective, "Mary Pickford: Superstar," sponsored by Milestone Film and the Mary Pickford Foundation. Though Pickford remained a recognizable Hollywood name throughout her life, her work — some 52 feature films and 141 shorts, all but four of them silents — did not. Even today, many of her films are accessible only to scholars and have not been shown in theaters since their pre-



Pickford in "The Taming of the Shrew," the only film she made with Douglas Fairbanks.

mieres over 70 years ago.

Pickford, named Gladys Smith at her birth in 1892, took to the stage when her father died, and at age five had already become the primary breadwinner of her struggling family.

She starred on Broadway at 14, and by 16 had informed the filmmaker D.W. Griffith that she was an actress and would accept no less than \$25 a week plus overtime. She always demanded that her salary match Chaplin's, and at her peak she made \$350,000 a picture.

On camera, she played everything from Cockney slaves to par-

played them simultaneously. But her audience preferred her innocent little-girl persona, and films such as *Pollyanna*, *Rebecca of Sunnybrook Farm* and *A Little Princess* were favorites.

"People wanted her to stick with an image she was trying to get away from: that of a young girl," said Elana Archer, the manager of the Mary Pickford Library in Beverly Hills, who maintains a continuing search throughout the world for long-lost reels. "When they saw her get old, they lost interest. She was afraid of becoming a giant anachronism, so she chose to bow out."

Although in 1929 Pickford won the first of two Academy Awards, for her performance in the talkie *Coquette*, her transition from the silents was arduous. She retired from films in 1933, moving on to radio performances and writing several books. She was married three times, each time to a movie actor, including Douglas Fairbanks. She eventually took up philanthropy, and over the years her foundation has raised more than \$10 million for various charities and institutions like the Motion Picture Relief Fund.

"She represents the birth of superstardom and the female executive," said Jeanine Basinger, the Corwin-Fuller Professor of Film Studies at Wesleyan University in Middletown, Connecticut. (New York Times)

הקרן החדשה לישראל New Israel Fund

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Yes for an answer

In her first major speech on the Arab-Israeli peace process last week, Secretary of State Madeleine Albright used a colorful metaphor to dramatize the situation: "If two people are in a boat heading for the rapids, they should not be arguing about how they got there; they should be rowing together in the direction of security and shore." With her speech, Albright was signaling that the United States was hopping into the boat, rather than merely yelling out directions from the shore. Whether the heightened US role will really help avoid the rapids, or make the boat more unwieldy, depends on whether the US can keep its eye on the goal of final-status talks, and steer clear of the whirlpools of the interim agreement.

The river metaphor is an apt one in describing the interim agreement, better known as the Oslo Accords. When the Oslo process began four years ago, its purpose was not to directly resolve the disputes between Israelis and Palestinians, but to lead the parties inexorably to such a resolution.

As it turned out, Oslo was irresistible even for Prime Minister Benjamin Netanyahu, one of its toughest critics before entering office.

Like a river with a strong current, Oslo has ensured that there is no turning back. Already, the 27 percent of the territory where nearly all of the Palestinian population lives is under the civil control of the Palestinian Authority. On a practical level, each side has made tremendous strides toward accomplishing its core purpose: Israel is freeing itself from ruling over some 1.5 million Palestinians, and Palestinians are building what will be some kind of independent, self-governing entity.

Netanyahu's anti-Oslo rhetoric, and some of his actions, did at first sow doubt that Israel was in fact committed to such a track. But three things have happened since that should have removed whatever doubt may have existed: the Hebron agreement, the Israeli proposal to accelerate final status talks, and the unofficial unveiling of Netanyahu's "Allon-Plus" final-status plan.

The Hebron agreement not only handed over to the Palestinians most of a city whose connection to the Jewish people predates Jerusalem, but committed the new government to completing Oslo's three "further redeployments" about one year from now. When even the first and easiest of these withdrawals barely achieved cabinet approval, Netanyahu's response was not to

back out, but to plunge deeper into the current-toward accelerated final-status talks, while remaining committed to implementing all three withdrawals.

If this were not enough, he let leak a blueprint for Israel's approach to final status, which he called "Allon-plus," in which Israel would give up about half of the West Bank, retain the almost empty and barren Jordan Valley for security reasons, and retain blocs of settlements near Israel's borders as well.

Though much continues to be made of how unacceptable the Allon-Plus plan is to the Palestinians, its significance is not in the details of the plan, but in that it is an opening position in a process of territorial compromise.

Netanyahu continues to deny that Israel will accept a Palestinian state, but such a denial was conspicuously absent from the Allon-Plus plan.

Throughout all of this, Palestinian Authority Chairman Yasser Arafat has, with the help of entirely legal but controversial Israeli projects such as Har Homa, perpetuated the myth that it is the Israeli government that is dragging its feet. This is quite remarkable, given the fact that it is the Palestinians that have pulled out of their side of what US Ambassador Martin Indyk has called the "core bargain" of Oslo: the commitment to combat terrorism.

Until now, the United States has facilitated Arafat's foot-dragging by not coming out and saying to the Palestinians: You have worked for generations to get Israel to negotiate a final-status agreement with you; the time has come to take yes for answer. The most significant element of Albright's speech, then, was its unequivocal endorsement of Israel's call to go to accelerated final-status talks.

If the new American approach is to be successful, two other elements that were hinted at must be cemented in place. First, Albright's insistence that there is no equivalence between "bombs and bulldozers" must be maintained. This means not allowing Arafat to take her visit to the region for granted, and sticking with her condition of "some progress on security issues" before she arrives. Second, and as important, she must convince Arafat that the US will no longer participate in the Palestinian game of reneging on security cooperation, boycotting talks, then laying the blame for a crisis on Israel's doorstep. If that happens, Arafat should be told the question that the forthright Albright will ask aloud: Who is afraid of final status?

Fighting opposition

YOSEF GOELL

As he begins to lead the Labor Party's "fighting opposition," new party chairman Ehud Barak would do well to pause and ponder one of the mysteries of Israeli politics: Why did the electorate reject the candidacy of his predecessor, Shimon Peres, in five elections and only enabled Labor to return to power by a razor-edge margin in 1992, when it was headed by the late Yitzhak Rabin?

There can be no question that in the first three decades of his public career, Peres was one of the

One can only hope that Barak will know better than Peres how to establish the balance

handful of men who contributed the most to shaping up Israel's security. In which he served as prime minister in the first Labor-Likud government of national unity of 1984-86 Peres acquired himself as one of the best prime ministers Israel ever had. (To which one should add that the Likud governments and prime ministers — Begin and Shamir — who preceded and followed his tenure were by far the worst that Israel has had to endure.)

So why was Peres consistently rejected? The main reason for Peres' tragic record as a loser was that a sufficiently large number of centrist voters came to distrust him and his judgment when, in his frantic rush to distance himself from the Likud at all costs, he fell into the trap of becoming identi-

fied with the cause of Israel's Arab and Palestinian enemies.

Back to the present, to Barak's Labor. The party's Knesset faction did not even have the elementary decency to wait the full seven days of mourning for the victims of last week's terrorist outrage in Mahaneh Yehuda before it came out fighting, not against Arafat and the Palestinian Authority — which has openly failed to live up to its commitments to fight anti-Israel terrorism from within their own ranks — but against Prime Minister Netanyahu.

The public's attention understandably focused on the tasteless performance of two of the faction's younger lights who called on the party to come out "shooting every-which-way" and to "decapitate Bibi". These exhortations were not squelched by Barak or any of the party's other leaders, who for the past year and a half have countenanced an irresponsible smear campaign against Netanyahu for ostensibly having paved the way for Rabin's assassination by his pre-election rantings.

Oslo is a given fact; but so is the reality that Arafat and his Palestinian Authority have lost no opportunity in the past four years — three of them with a Labor government in power in Israel — to flout most of the commitments they have made in exchange for a staged Israeli withdrawal from their cities and other territories.

The Labor government was certainly not happy with Arafat's behavior but did not know how to force him to abide by his part of the bargain. Nor did the Labor government know what to do about the increased pace of Palestinian terrorism, except to say that was the price Israel had to pay for peace. Which cost them

Dry Bones



that if Arafat does not live up to this part of the bargain — of territories in exchange only for far-going cooperation in fighting Palestinian terrorism — there can be no continuation of the Oslo process.

All oppositions face the dilemmas entailed in not pressing the attack on their political opponents with such lack of restraint as to undermine the common interests of their own people. One can only hope that Barak will know better than Peres how to establish that balance.

The writer comments on current affairs.

We are on our own

EFFRAIM INBAR

After the recent terrorist attack in Jerusalem's Mahaneh Yehuda, Foreign Minister David Levy sent messages to friendly countries asking for enhanced cooperation in combating terrorism. This Pavlovian response to Palestinian terrorism has limited value in terms of public relations, but is completely worthless in the area of counter-terrorism.

Significantly, the March 1996 Sharm el-Sheikh international anti-terrorism conference, called by President Clinton in the aftermath of a wave of Palestinian terrorism, ended in a display of goodwill and with determined statements to act forcefully against the terrorist plague, but produced no tangible results.

For our own good we must realize that we are on our own. Any reliance on others to fight our battles is irresponsible and dangerous. Indeed, there is tendency in Israel, particularly on the Left, of adopting a paradigm of thought on national security which is very naive and extremely risky. Cooperative security and confidence-building measures are fashionable notions imported from the liberal discourse in the West. However, they are flawed strategic concepts.

The expectation that the Palestinian Authority will fight terror against Israel in the absence of a clear interest to do so has proven baseless. Carrots should be offered to Arafat to induce him to comply with his commitments, but they should be accompanied by a big stick. Incentives without putative sanctions may not be enough to induce Arafat into a pattern of behavior with which we can live.

Moreover, Israel should maintain the military capability to act effectively and unilaterally against terror, or additional security challenges from other quarters. This is how the international game in the Middle East is played.

It is a strategic fallacy to attach great importance to agreements and to believe that political entities are bound by signed accords. States abide by treaties only as long as it is in their interest to do so.

In 1975, Saddam Hussein signed a treaty with Iran. He broke it in 1980 when he believed he had an advantage over his neighbor, which was in the throes of a revolution. The Turks often complain about numerous breaches of Syrian President Assad of bilateral agreements. Arafat is no different from the other rulers in the region in his flexible approach to interpreting formal commitments.

Therefore, Israel should not hesitate to disregard specific provisions of the Oslo agreements if they are abused by the Palestinian Authority.

Another prevalent fallacy in the discourse on the peace process concerns the diplomatic efforts to restore trust between the parties. Arafat trusts nobody and this is precisely why he has survived. It is totally unrealistic to expect Arafat to trust any Israeli leader more than he trusts King Hussein or presidents Assad or Mubarak.

It would be ill-advised to accept Arafat's word; Rabin did not trust him. Indeed, Arafat has not kept his word regarding his promises to crack down on terrorism until now.

Similarly mistaken are those who believe that negotiations are sufficient for obtaining one's objectives, and that eventually by talking to each other, Israelis and Palestinians will find a compromise. From what we now know about the positions of the two sides it takes a great deal of imagination to believe that the differences can be bridged by just talking.

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ing to each other. The progress made so far is partly a result of the suffering we bestowed on each other.

Arafat knows better than his well-intentioned but misguided supporters in Israel and the West; his bargaining strategy incorporates threats to use force and acts of violence in order to raise Israel's cost of maintaining its position in the negotiations.

Indeed, use of force is part and parcel of the rules of the game in the Middle East. Israel's reluctance to use measured force against its enemies is counterproductive. It weakens Israel's deterrence and is perceived as weakness. Even a crisis, something many view with trepidation, may well be the recipe for changing the positions of one or both of the sides. Brinkmanship is often practiced in our region.

What Israel needs more than anything else is a clear conceptual framework for assessing its strategic predicament. Sensible policies can stem only from a sound evaluation of the reality around us and from a correct understanding of how the political forces in the strategic equation relate to each other. A flawed conceptual framework could lead to appeasement and disaster.

Efraim Inbar is Associate Professor of Political Studies and the Director of the Begin-Sadat (BESA) Center for Strategic Studies at Bar-Ilan University.

A welcome shift in policy

CHARLES KRAUTHAMMER

The Palestinians achieving a "final status" of peaceful coexistence.

The almost four years since the signing of the Oslo agreements have proved this to be a grotesque illusion. If anything, the younger Palestinians, the ones who have come of age since the "peace process" began, are even more hostile to Israel than their elders.

dealers are then murdered. The highest religious authority appointed by Arafat declares — in prayer! — Israelis to be "sons of monkeys and pigs," subhumans that recall the Nazi racial taxonomy.

Rather than produce a virtuous cycle of trust, autonomy has turned into a breeding ground of hate. Frenzied rallies celebrate and honor suicide bombers. Small wonder that a generation of young men volunteer for the honor. The results could be seen bleeding and dying on the streets of Jerusalem last month.

Autonomy has turned out to be a cease-fire in place. And not much of a cease-fire, at that. It has more the character of low-level guerrilla war. Muted and undeclared, of course. Arafat cannot afford to openly tear up Oslo. But his double game is clear. Consider this May 25 interview with a Russian newspaper.

Q. "In your opinion, is Hamas a terrorist organization?" A. "The Hamas movement is one of many patriotic movements."

Q. "Even its military wing?" A. "Even its military wing."

He is too clever to say it. But his

meaning is obvious. Less cagey is the Palestinian elected council. Just six days after the March suicide bombing in a Tel Aviv cafe, it sent its congratulations to "all the holy martyrs" of the latest "noble wave of opposition."

Let's be clear. This guerrilla war is not about Israeli occupation. Ninety-eight percent of all Palestinians on the West Bank and in Gaza now live under Arafat's rule. These are tactics in an enormous subterranean struggle underway between Arafat and Israeli Prime Minister Netanyahu over the shape and details of a final settlement.

At stake are the borders of Arafat's future state and Jerusalem. Every bomb, every threat, every riot (like ones Arafat had been orchestrating in Hebron) is pressure. The goal is to see which side has more nerve, more will to hold out against making preemptive concessions.

This is what underlies the unending violence and instability. It is not "frustration," as many in the West fatuously claim. It is strategy. That is why Albright is calling finally for short-circuiting the process by putting on the table and in the open the issues that Arafat is trying to gain advantage over with proxy violence on the ground.

The United States is finally saying: Cut the violence and start the talks. The final talks.

It's about time.

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LETTERS TO THE EDITOR

THE MACCABIAH TRAGEDY

Sir, — Regarding the tragedy at the Maccabiah Games, the bridge collapsed at 7:45 p.m. The Australian delegation knew immediately that Gregory Small had died and yet the President of the State of Israel has since repeatedly denied that he knew of any death that had occurred when he rose to speak at 8:35 p.m. Might the authorities have had a reason not to tell him? Surely it is horribly possible that since a large section of a crowd of some 50,000 people had paid between NIS 80 and NIS 550 for their tickets, then those ticket holders would have had to have been reimbursed had the opening ceremony been canceled? This, of course, would have involved a financial loss to the Maccabiah organization.

I suggest that it is more than possible, in this currently psychotic country, that the opening ceremony for the 15th Maccabiah Games was not canceled for one simple reason — money.

ROBERT RAYMAN

Tel Aviv-Jaffa.

CORRECT DECISION

Sir, — I just can't sit quietly and read what you write about the organizers' decision to continue the show ("An insensitive ceremony," July 15, and "A sense of shame," July 16). I was there, together with my wife and two children. It took us over half an hour to get our car parked in the VIP parking lot. People were pushing to get in on time. You could feel both the excitement and the tension of the people as they were waiting to get in through the gates, go through security checks and find their places.

If the show had been canceled from the very start, there would have been pandemonium. If one person would have said that there was probably a terrorist attack, could you imagine how that rumor would have spread like wildfire?

With hindsight, the decision to continue was not in good taste, but I thank God that whoever had the courage to make it did so.

JOEL RABINOWITZ

Rishon LeZion.

IPO CONCERTS

Sir, — If the Israel Philharmonic Orchestra is still wondering why subscribers in Jerusalem are abandoning it in droves, their large advertisement in your issue of July 13 provides a graphic answer.

Under Zubin Mehta's handsome smiling face, the IPO advertises performances of Puccini's *Turandot* in concert form by a stellar cast. There will be three performances of it in Haifa, five in Tel Aviv, and — you guessed it, or could have guessed it none in Jerusalem. There is not even a possibility offered to Jerusalem subscribers to use their tickets for one of the above performances; however, there is the possibility to order tickets for Haifa or Tel Aviv also in Jerusalem.

The IPO claims that they cannot fill the Jerusalem International Conference Center for their concerts. Of course not, if only the less important concerts are brought here, for a single subscription series.

ANNA LEVIN

Jerusalem.

POOR DRIVING

of accidents. The Institute of Advanced Motorists in England, whose very stringent driving test I passed, stresses very strongly that one has to adapt one's driving to the road conditions, something unheard of here mainly because the standard of driving instruction is so abysmally low. The reason for that awful accident on the Jordan Valley Road in which all the occupants died on their way to a wedding was not the fault of the road but of the driver. I have

passed that spot many times and one just slows down to allow for the steep bend.

The new body, as a first step to reducing road accidents, should invite a team from the top driving schools in Britain to come to Israel to train the instructors here first of all how to drive properly themselves. Only when this problem is tackled do we stand any chance at all of reducing the carnage on our roads.

J.M. CHARLAFF

Mevasseret Zion.

FROM OUR ARCHIVES

60 years ago: On August 11, 1937, *The Palestine Post* reported that while a heated political debate continued at the 20th Zionist Congress meeting in Zurich, a last desperate attempt was made by Menahem Ussishkin (Palestine) to prevent the adoption of a resolution that would be tantamount to the acceptance of the Partition of Palestine principle. He was supported by Lord Peel's Royal Commission for Palestine pro-

posals were utterly unworkable and unacceptable.

50 years ago: On August 11, 1947, *The Palestine Post* reported that four Jews were shot dead and 13 others and one Arab injured when a band of Arabs attacked with grenades and automatic weapons the isolated "Gan Hawaii" Cabaret on the northern bank of the Yarkon River. There were about 30 attackers. The cabaret was owned jointly by an Arab and a group of Jewish ex-

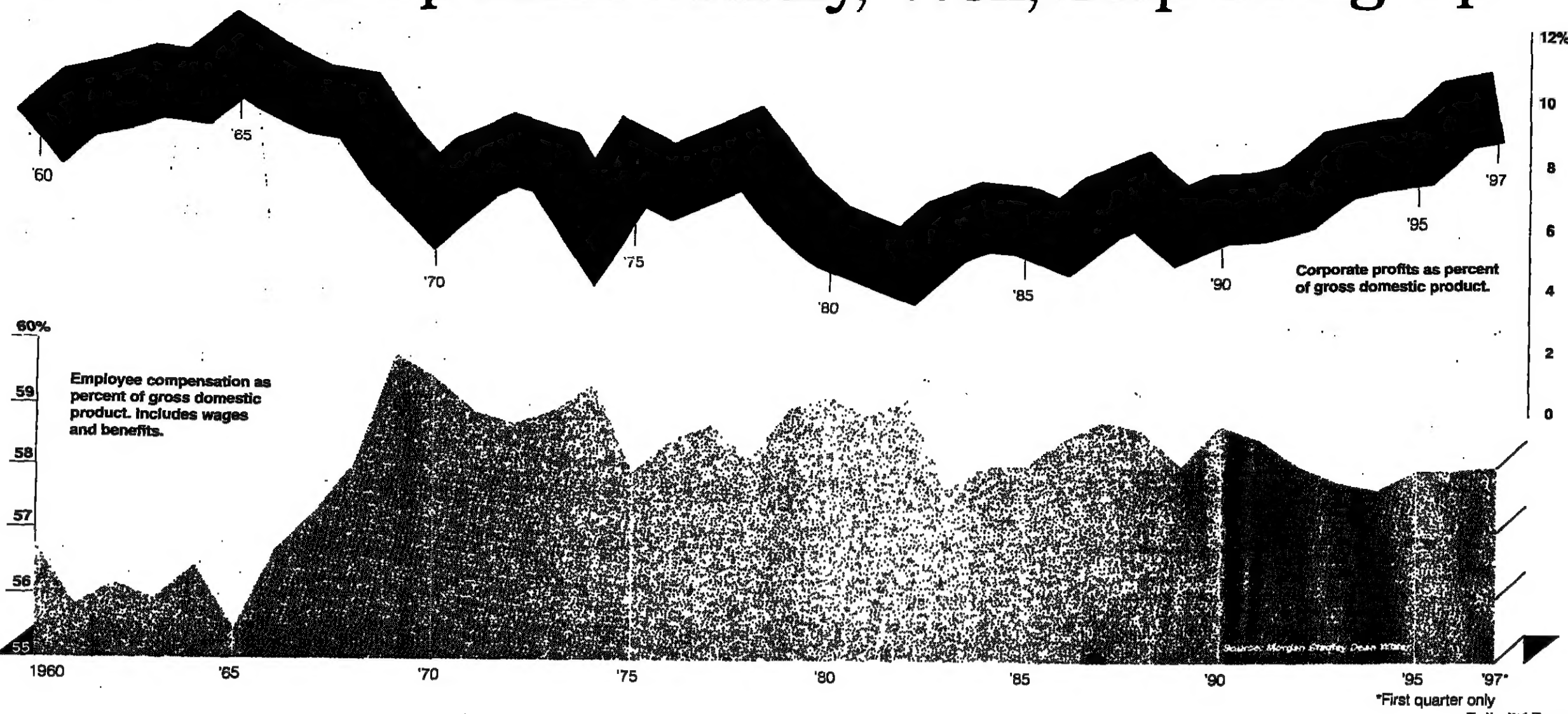
servicemen. The box-office receipts were left untouched.

25 years ago: On August 11, 1972, *The Jerusalem Post* reported that Egypt had again reverted to talk about war preparations. Syrian President Hafez Assad announced that Syria would not imitate Egypt in ousting Soviet advisers. The New York State Governor, Nelson Rockefeller, arrived in Jerusalem with a message from President Nixon.

Alexander Zivli

Boomerang

What Goes Up Must Usually, Well, Stop Going Up



By LOUIS UCHITELLE

WHEN the history is written of America's mid-1990's economic boom, a fat chapter will certainly be devoted to the mystifying strength of corporate profits — how they were able to rise so fast for so long. But there must also be a chapter that describes what happened when this extraordinary performance became ordinary, or worse. And the material for this second chapter seems to be falling into place now.

Part of the foundation undergirding the boom is

quietly being eaten away. Stagnant wages — the workers' contribution to their bosses' profits — are beginning to rise. And there is agitation for more improvement. Workers for the United Parcel Service began a nationwide strike last week that was partly a protest against the insecurities of the Age of Downsizing. As if on cue, stock prices fell sharply on Thursday and Friday, suggesting the vulnerability of another engine of prosperity to shifting circumstances.

That's not to say that the profits, the equally spectacular stock market and the thriving economy — all of them interconnected — won't be able to continue their upward climb. But even if they do, the good times seem likely to take on a different, more precarious character.

The keys to this story are corporate profits and wages. More than usual, the market and the economy have fed off the strength of profits at the expense of wages. For every \$100 in new production — the assembly of a car, the services of a doctor, the dry cleaning of a suit — nearly \$10 is going into profits. Not since 1968 has the percentage been so high. From then until the mid-1990's, it rarely rose above \$8.50. And much of the rise has come out of wages and benefits, which, according to new Commerce Department numbers, have declined as a percentage of national output to their lowest level in more than a decade.

The record-breaking stock market is the offspring of the profits squeezed from this process. The rising stock prices, in turn, feed the economy by encouraging spending. But there is a problem. Not often in history

If wages rise, then profits dip, the market droops and the economy won't hum. Unless productivity saves the day. Unless

has the Dow Jones industrial average, which closed at 8,031 Friday, gotten so high in relation to earnings, even unusual earnings. And that leaves a lot of experts casting about for ways to make what is happening sound rational and lasting. If profits can't keep rising at the expense of wages — and many experts think that vein has played out — then some more enduring engine will

have to kick in soon.

"People are looking for an easy explanation of why profits are doing well," said David Wyss, director of research at DRI-McGraw Hill, a consulting firm.

And not surprisingly, one has been summoned. The heartening explanation, the one that would keep profits and stock prices rising if it turns out to be true, depicts the American economy as having entered, in the last year or two, a new, robust era.

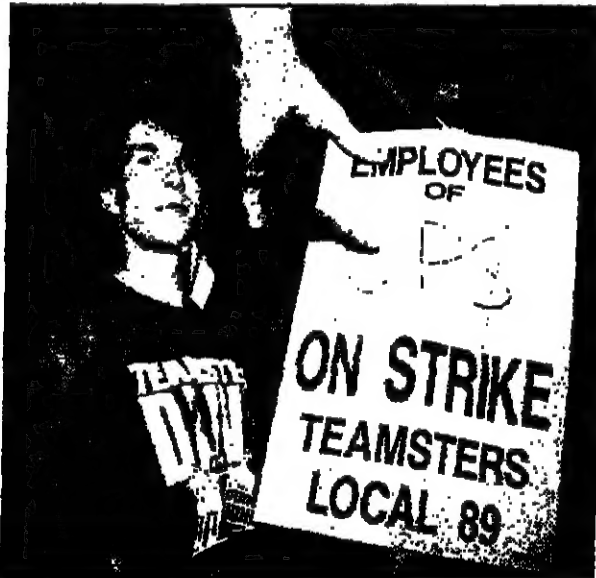
The main characteristic of this new era is rising productivity. The new technologies, particularly computers and telecommunications, are finally making workers more productive, the story goes. Using the new tools, workers are producing more in each hour on the job. Already, they may be keeping some of this extra revenue from their production, while the rest goes into profits. And the stock market — the great indicator of American prosperity — will continue upward, reinforcing the process.

"Evidence of higher productivity abounds," said Jerry J. Jasinowski, president of the National Association of Manufacturers. "You may not accept it, because it does not show up in the official Government statistics. We think most of the statistics are out of date."

There are problems, however, with the rosy productivity scenario, which has attracted varying degrees of endorsement from a range of business executives and economists. One is that it may not be happening, although it certainly sounds logical. Indeed, it fits neatly with the well documented rise in profits. Consider this example:

A carpenter is paid \$25 an hour to make one birdhouse every hour, which is sold for \$35. The profit from that hour of work is \$10. If the price does not

Continued on Page 2



For higher wages: Strikers in Louisville, Ky.



For higher profits: David Murray, U.P.S. negotiator.

Patience of Jobs

An Industry and Its Founders Grow Up

By STEVE LOHR

THE personal computer industry was created in the mid-1970's by a few hundred fiercely competitive, idealistic young men barely out of their teens. Their mission was to change the world by democratizing digital technology (and, yes, to get rich too). They pursued their goals with the energy and passion of youth. Disagreements had a way of escalating into shouting matches, and conflicts became holy wars.

Today, the computer industry has grown to become a \$150-billion-a-year business and the people who built it have grown up as well. Most of them are now in their 40's, married with children. They have less hair and more pounds. Many are worth millions or, in a few cases, billions of dollars.

"It used to be that I was the youngest person in business meetings," Steven P. Jobs, the co-founder of Apple Computer Inc., said recently. "But I'm an old man in this industry now, with a lot of experience and scar tissue."

Last week, the 42-year-old Mr. Jobs announced a surprising alliance between Apple and its long-time arch-rival, the Microsoft Corporation. It was a sure sign that those vigorous holy wars have been replaced by a

kind of pragmatic maturity. Experience, scar tissue and a flair for imaginative deal-making prompted Mr. Jobs to save Apple by reaching out to a seemingly unlikely patron — William H. Gates, Microsoft's 41-year-old chief executive. Microsoft is investing \$150 million in Apple, and the two companies have agreed to cooperate on several sales and technology fronts.

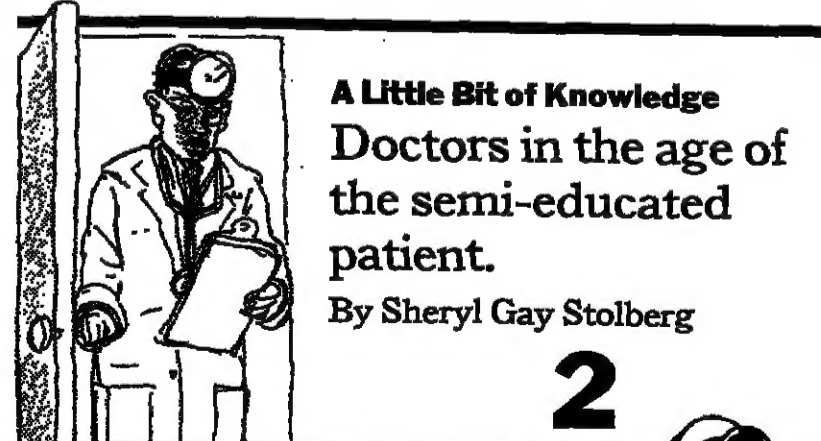
For Microsoft, the \$150 million is lunch money. But the deal was a striking symbol to the high-tech world that even Microsoft has a direct stake in Apple's future. The two companies have long competed and cooperated at the same time. Microsoft's Windows operating software — a program that handles a computer's basic operations — got its start by mimicking Apple's Macintosh software, and then went on to dominate the market. Yet Microsoft also makes word processing and other office programs that run on Macintosh computers, which are used by eight million customers and generate several hundred million dollars a year in business for Microsoft.

When Mr. Jobs announced the pact with Microsoft at the Macworld trade show in Boston last Wednesday, he was greeted with catcalls from some Macintosh loyalists. Mr. Jobs advised



Steven P. Jobs has matured to embrace an enemy of his youth.

Continued on Page 3



A Little Bit of Knowledge
Doctors in the age of
the semi-educated
patient.

By Sheryl Gay Stolberg

The Area Code Paradox
Numbers may be
infinite, but there are
not enough of them.

By Anthony Ramirez

Throwback
The cold war may be over
everywhere else, but it continues to
grind on in the Korean peninsula.

By Steven Lee Myers

Ideas & Trends

Now, Prescribing Just What the Patient Ordered

By SHERYL GAY STOLBERG

WHEN his wife was diagnosed with colon cancer that had spread to the liver, Doyle Cannady responded by getting a second opinion — not from another doctor, but from a tiny company in Conway, Ark., called Health Resource Inc.

For a fee of \$350, three researchers combed the medical literature on Diana Cannady's condition, turning up a list of the latest clinical trials and alternative therapies to pursue. But when Mrs. Cannady was preparing to fly to Los Angeles for a promising experimental treatment cited in the report, her oncologist became furious with her.

"He was mad," Mr. Cannady said. "He thought it was ludicrous." The Cannadys went anyway.

Sick people have always hunted for miracle cures, be it shark cartilage for cancer or herbal remedies from exotic lands. But the Cannadys represent a new era in American medicine: the age of the self-educated patient. With the rise of managed care, patients have become increasingly distrustful of their doctors, and so they are busily arming themselves with information from newspapers, books, the Internet and even television ads.

The question, however, is whether more than a little knowledge is a dangerous thing. Are patients who march into the surgeon's office with a stack of medical journals getting better treatment? Or are they more prey than ever to quack therapies and drugs?

"We know that the actively engaged patient, the informed patient, has better treatment compliance and better treatment outcomes," said Dr. Steven Miles of the Center for Bioethics at the University of Minnesota. "But you know the old lawyer's saw about a person who represents himself has a fool for a client? That applies in medicine, too."

Like Candy

Americans are consuming medical information as if it were candy. On June 26, the National Library of Medicine announced that it would offer Medline, a compendium of 5 million references and abstracts from 4,000 medical journals, free to Internet users. The response has been staggering: the Medline Web site now receives one million visits a day.

"Consumers don't want just a general overview of a particular diagnosis or a particular treatment," said William Reece, the founder of HealthGate Data Corp. of Malden, Mass., which conducts research for both doctors and patients. "What we're finding is that they are really drilling down into clinical articles that, three years ago, only a physician would have read."

Drug companies are tapping into this yearning: last year, the pharmaceutical industry spent almost \$800 million advertising prescription drugs directly to patients, in the hope that those patients would demand that



Nancy Carpenter

their doctors prescribe them. And they did. "That's a big driving factor in our business," said Mr. Reece, whose Web site currently features advertisements for Claritin, an allergy drug that is also advertised on television, at bus stops and in magazines.

That advertising is about to grow even more intense. On Friday, the Food and Drug Administration relaxed its rules governing television advertising to make it easier for pharmaceutical companies to pitch their products directly to patients. "We clearly got the message that consumers want the information," said an F.D.A. spokesman, Don McLearn.

But the avalanche of information may also leave consumers vulnerable to the smoothest ad campaign or the Web site with the loudest whistles and bells. Like everything in cyberspace, the amount of medical data is daunting; a quick scan of the World Wide Web uncovers 90,360 documents that match the word asthma; multiple sclerosis turns up 89,650. How can a lay person possibly sift the reliable information from the bunk?

"It's like hunting for wild mushrooms," said Molly Mertler, senior vice president of Healthwise, Inc., a nonprofit consumer organization that sifts through the information available and provides a medical data base. "If you know what you're doing and you've got a trusted guide, you can find a real treasure. But you run the chance of picking something toxic."

In April, Dr. George D. Lundberg, the editor of the

Telling the self-educated patient, 'Watch two ads and call me in the morning.'

Journal of the American Medical Association, ran a cautionary editorial saying that "science and snake oil may not always look all that different on the Net." He and urged the digital world to impose quality standards on medical information, to include authors and references, as well as financial and conflict-of-interest disclosures.

Feminism and Managed Care

In decades past, the good patient was the docile patient, and health care was characterized by what Dr. Miles calls "medical paternalism."

It was feminism, most experts agree, that changed that. Dr. David J. Rothman, professor of social medicine at Columbia University, cites the 1973 publication of "Our Bodies, Ourselves," by the Boston Women's Health Collective, as the turning point. "The underlying premise was it's going to be a female patient and a male doctor,"

he said, "and so you had better be more educated."

That distrust was hammered home by the 1972 disclosure of the Federal Government's Tuskegee experiment on patients with syphilis. Doubts about the integrity and omniscience of doctors grew deeper as medicine became dominated by specialists, as house calls and community hospitals disappeared, and as the media began covering medicine more aggressively.

But no trend has promoted patient activism as much as managed care, Dr. Rothman said. "Now a loss of trust has turned into acute suspicion, because you're no longer certain whether your physician is interested in your well-being, or his reimbursement schedule. Better educated is better prepared and will be better served."

Still, no matter how educated patients become, Dr. Lundberg said, their judgment cannot substitute for that of a qualified doctor. "What they don't know," he said, "is context and clinical judgment. A physician might take care of 100 diabetics and learn from all his patients. The patient knows only one" — himself.

And in the end, there is a limit to how much any patient can, or wants, to absorb, according to Dr. Albert Mulley, chief of general medicine at Massachusetts General Hospital, who has designed computerized patient education programs for breast cancer patients. If a woman does not want to know her risk of dying, he said, she has an option of turning away from that information. She can just click "Next."

The Jewish Forward

Still Ethnic, in Any Language

By RICHARD F. SHEPARD

AS the Jewish Forward observes its 100th birthday this year, the newspaper that began life in 1897 as a Yiddish daily and an organ of the Socialist Party offers many clues about what has happened to America's ethnic press from the days of mass immigration then to the mass immigration that is under way now.

The Forward's target was the Yiddish-speaking laborers arriving in New York from eastern Europe. But while its masthead proclaimed "Workers of the World Unite," its first editor, Abraham Cahan, had other ideas. Having been a reporter for The Commercial Advertiser, the prestigious paper edited by the muckraker Lincoln Steffens, he wanted not a party line, but a lively journal that would speak to its readers in their own language, an American Yiddish that was free of the ponderous, pompous Germanized Yiddish revered by many Yiddish literati. He wanted to tell his readers about life in America, to air their problems in their new cultural whirlpool.

With Cahan as editor until his death in 1951, The Forward was stridently anti-Communist and, eventually, New Deal Democratic. Politics rarely infiltrated its chatty though literate pages, where articles explained baseball and described how fathers in America took their sons fishing. In the letters column, the famed Bintel Brief, readers told of their experiences in America. By the 1920's, daily circulation had soared to a quarter of a million.

Today, however, The Forward is a weekly, and its circulation is less than 40,000. Those asking why it has dropped may be told, flippantly, "Look at the obituary section."

But the survival of The Forward, in new incarnations designed to appeal to new audiences, mirrors the tenacious hold of heritage on today's generations, just as much as its decline reflects the acculturation of Jews and of other immigrant groups in America.

The wonder is not that the ethnic press has diminished (a 1940 census counted 1,092 ethnic periodicals in 39 languages; the 1996 Editor & Publisher Yearbook counted fewer than 500). The wonder is that it exists at all.

The ethnic press's readers have not only slipped into the English-speaking mainstream, but have been lured away by television and other media. And in a world shrunk by air travel and global communications, contact with the old country is not broken as it was for immigrants of a century ago; it is merely a long-distance call away.

Three Languages

The Editor & Publisher Yearbook's ethnic listings start with Afghan and end with Ukrainian/English, an intriguing hybrid that suggests how some languages may fade while interest in ancestral roots does not. The Forward is a striking example of that. It now is published in three separate editions, in three languages.

The Yiddish edition, the direct descendant of the paper that occupied the tallest building on the



Ethnic newspapers still serve immigrant communities. Haitian papers at a kiosk in Brooklyn.

Lower East Side and had the largest Yiddish electric sign anywhere, has news, stories, essays and native town news for its 10,000 readers, many of whom are elderly people.

A second edition in Russian, with a circulation of 4,000, caters to the new immigrants from eastern Europe who came to adulthood ignorant of mama loshn Yiddish, the mother tongue.

But the great leap that The Forward has taken is to publish a third, English-language edition, with a circulation of 25,000. This one maintains the high literary standard of its forbear and has been gaining an audience of younger, well-educated Jewish readers who want to keep up with news within a Jewish context.

An Influence on Leaders

The English-language Forward, established in 1990, is edited by Seth Lipsky, who came to the paper from The Wall Street Journal. Mr. Lipsky and his staff have a keen eye for American and Israeli politics, and have frequently scored scoops. The paper is distinguished from the general press only by its pursuit of the Jewish angle, the Jewish perspective.

This is where The Forward's future may lie, as an ethnic press whose influence is still undecided and which is largely read in English. After all, the English-language Forward is more easily read by most politicians.

Decades ago people in government had to reach their ethnic constituents through middlemen who were fluent in the customs and languages on both sides of the equation.

Now even the fully ethnic press — perhaps with the exception of Spanish-language and Chinese newspapers (New York has four Chinese dailies, against three English ones) — infuses some English into its columns. And as ethnic groups, who often making their voices

heard through their newspapers, their radio broadcasts and their local officials, gain the ear of the general public, segments of the general public are eager to seize the attention of ethnic groups as well.

The Forward enters its second hundred years at an intersection of history that has placed many strains on ethnic survival in America. But even intermarriage and the disappearance of an immigrant tongue have not dented a consciousness of special heritages.

A half-century ago, there was often contemptuous reference to hyphenated Americanism; today there is an acceptance of ethnic identification. Although one might not know 10 words of the Yiddish, Italian, Chinese or German that grandma spoke, there is an interest in maintaining an ethnic identity, even if it is just a gastronomic one that is also savored by everyone else.

The ethnic press is not only a link to the community it is written for, but to the one that is beyond the press's explicit bounds.

Ethnic NewsWatch, on CD-ROM for its subscribers (mainly libraries) collects material from 200 ethnic publications in English and Spanish. A push of the button on Clinton and Gingrich, for example, reveals a flood of articles from black and Jewish papers in Baltimore, from publications for Ojibway and Cherokee readers.

Ethnic NewsWatch's president, Eileen H. Heckerling, said, "This is material not to be found in the mainstream press and until now very few of them were noticed. They were never represented."

The ethnic press today is not cause for raised eyebrows. It is a far cry from the 1940's when a consciousness-raising Zionist speaker taunted his audience by remarking, "It's getting so people are afraid to carry their fish home wrapped in The Forward."

What Goes Up Must Stop, Right?

Continued From Page 1

change and the carpenter's wage does not either, but the profit rises to \$20 an hour, then it must be that, having finally mastered some cutting-edge technology, the carpenter is turning out two birdhouses an hour. Or so the rosy scenario goes, by deductive reasoning.

Maybe. But as Mr. Jasnowski acknowledges, the improvement has not shown up in Government statistics that measure the rate of productivity growth across the nation's private businesses. Quite the contrary, these statistics show productivity rising more slowly in the 1990's than they did in the 1980's.

The believers say the statistics don't tell the story.

"We have good theoretical reasons to believe that productivity is higher than what is measured in the aggregate numbers," said Bennett Harrison, an economist at the New School for Social Research in New York, joining Mr. Jasnowski in this view.

Their productivity thesis — and the accuracy of the Government's statistics — is likely to be tested soon. Tight labor markets give the hypothetical carpenter, like the real U.P.S. drivers, leverage to demand a higher wage. If his productivity has in fact not risen to two birdhouses an hour, then the higher wage he gets will squeeze profits. Either that or companies will raise prices to preserve profits, pushing up the until-now languid inflation rate.

And if that happens, stock prices seem destined to fall, puncturing the larger economic boom. For workers, the world shakes. The very act of earning more threatens to consign them to doing worse.

Whatever the outcome, let the test begin. Indeed, it has begun. The first tentative signs that wages may be trending upward are starting to appear in Labor Department data.

What's more, company payments to provide health insurance for employees, which had been held down as a result of cost-cutting among hospitals and doctors, are beginning to rise again, adding gradually to labor compensation.

New technologies are paying off; the issue is how fast.

"All this upward pressure on labor costs means that profits can no longer grow as much as they have," Mr. Wyss said. "If productivity does not kick in, profits slow down."

Other factors have helped to postpone this showdown. In hindsight, they contribute to an understanding of how corporate profits could have grown so much over the last three years without a boost from productivity.

Interest rates on corporate debt have declined, and the savings have gone into profits. The debt itself has been paid down, further reducing corporate America's monthly installment payments, and this saving, too, has gone into profits rather than raises. Constant downsizing has cut costs, and again, the savings have fed into profits.

Faster and Faster

The thriving economy has also helped. Many companies have stepped up production from existing machinery and personnel. Simply by eliminating the slack in their operations, they have been able to sell more without adding much to their cost. It is as if the carpenter actually turned out a birdhouse in 30 minutes and spent the other half-hour relaxing at the water cooler — until a foreman got on his case. And the extra sales revenue from his harder work once again has gone mainly into profits rather than wages.

But all these lucky circumstances are wearing out. The final episodes in this particular history are just ahead. Either the new age of rising productivity shows itself, saving the day, or that does not happen and, as profits fall back to more ordinary levels, stock prices fall back, too, and the economy weakens.

Or, alas, some inconclusive middle course unfolds. Mr. Jasnowski sees that possibility. Any number of companies, he says, still have room to fatten profits through cost-cutting, particularly downsizing. "The overwhelming reality of so many companies," he said, "is that you can't raise prices. So you eliminate waste, you downsize. Cost-cutting is still a big opportunity."

Ideas & Trends

Americans Buy Books. Foreigners Buy Publishers.

By DOREEN CARVAJAL

WHEN the guest list was drawn, all the usual ribbon cutters were invited to the opening day for the gleaming \$30 million distribution center built for three old-line New York publishing houses in the unlikely setting of Gordonsville, Va.

Acceptances came from Jürgen Chrobog, Germany's ambassador to the United States, and Ernst Luthi of Bayerische Verlagsbank. Also confirmed were all five members of the corporate board of Verlagsgruppe Georg von Holtzbrinck, who plan to fly to Virginia next month with their chairman, Dieter von Holtzbrinck.

The German conglomerate's name is hardly familiar in American popular culture. Yet it is foreign companies like Holtzbrinck that are giving voice to some of America's most popular authors — from Tom Wolfe, whose publisher is owned by Holtzbrinck, to Stephen King and Tom Clancy, who write for two recently merged American publishing houses owned by the British media conglomerate Pearson P.L.C.

35 Percent and Growing

Last year, the top 10 foreign-based book publishers accounted for more than 35 percent of American sales, or \$7.2 billion, according to Stephanie Oda, the publisher of Subtext, a trade newsletter for publishers. That share is growing even while American adult hardcover sales are flagging and returns of unsold copies are on the rise.

This year Pearson extended its reach by buying Putnam, which it merged with its existing subsidiary Penguin USA. Last week, there was widespread speculation that the German media giant Bertelsmann was considering a purchase of HarperCollins, which is owned by Rupert Murdoch's Australian-based News Corporation. The corporation insists it has no plans to sell. Bertelsmann, which already owns Bantam Doubleday Dell, declined to confirm its interest, but it is no secret that it is intent on expanding here.

"Publishing has what you might call an international elite of movers and shakers that spans the globe," said Michael Naumann, who worked for Holtzbrinck in Germany and now runs Henry Holt, which is

Sprechen Sie Grisham?

The top foreign owners of United States publishers, ranked by book revenues in 1996.

Company	Country	Main U.S. Imprints	Publishing Categories	U.S. Revenue (in billions of dollars)	Total Revenue
Thomson	Canada	South-Western, IDP, Delmar, West	Educational, professional, legal	\$1.5	
Pearson	Britain	Addison-Wesley, Penguin/Putnam	Trade, educational	1.2	
Bertelsmann	Germany	Bantam Doubleday Dell, Doubleday Direct	Trade, book clubs	1.0	
News Corporation	Australia	HarperCollins, Zondervan	Trade, religious	0.7	0.9
Wolters Kluwer	Netherlands	Lippincott/Raven, CCH, Little Brown Professional	Legal, tax, professional	0.7	
Reed Elsevier	Britain	Rigby, Martindale-Hubbell, Butterworth-Heinemann, Greenwood-Heinemann	Educational, legal, reference	0.7	
Safra Group	Switzerland	Encyclopedia Britannica, Merriam-Webster	Reference	0.4	0.4
Lagardère Groupe	France	Grollier	Reference	0.4	
Holtzbrinck	Germany	St. Martin's, Henry Holt, Farrar Straus & Giroux	Trade	0.3 / 0.7	"Excludes sales for Putnam, which was acquired in late 1996."
Torstar	Canada	Harlequin	Trade, educational	0.3 / 0.4	

Source: Subtext

The New York Times

owned by the conglomerate. "What are foreigners doing here? The answer is as Richard Ford once wrote in an introduction to a collection of short stories: 'Questions of passport really do not infringe on questions of literary quality.'"

Of course, the expansion of European publishers does not simply stem from some global vision of the power and beauty of words. It comes because they have overgrown their own boundaries and because the United States is the largest market in the

world for books.

"The U.S. market is unbelievably attractive to foreign publishers," said Albert N. Greco, an associate professor at Fordham University's graduate school of business administration. "It's an exceptionally large market with affluent customers and in 1996 consumers spent about \$26 billion for books. It's one single market with a great distribution system."

That is precisely the reason that Groupe L'Atelier, a French publisher of art and illus-

trated books, purchased a majority interest of Harry N. Abrams, an art book publisher in New York. Its owner, Hervé de La Martinière, is still so new to the American market that he does not feel comfortable enough to speak in English on visits to Abrams's offices. But he recognized that he needed an American company like Abrams to achieve his goals. "This presents an opportunity to become the leading art publisher in the world," he said.

Since it bought Abrams in May, Groupe

L'Atelier and Abrams have started to plan books that they think will sell on both sides of the Atlantic. It is an eclectic mix; Groupe L'Atelier intends to translate and publish an Abrams book about food markets of the world, and Abrams is doing the same with a French book of photos from the Arctic and a history of corsets and brassieres.

"We both feel that the U.S. market is somewhat static," said Paul Gottlieb, Abrams's publisher and editor in chief. "But if we see growth, we see it internationally in nontraditional outlets with English language as the key."

The media conglomerates that have grown

Forget literary boundaries. The U.S. market is up for grabs.

fastest are those that have decided to treat English as the world's commercial language, said Graham Gordon, a retired British publishing executive. He notes that big publishers in Spain, Japan and Italy have resisted and, in effect, accepted limits on growth.

The foreign publishers typically operate their American publishing houses with a decentralized approach.

"There's no influence, there's not even conversation about editorial decisions," said Roger Straus, who has continued to run Farrar Straus & Giroux since it was sold to Holtzbrinck in 1994. In addition to Mr. Wolfe, Farrar Straus's authors include Scott Turow and Jamaica Kincaid.

The English language is the binding that holds the disparate companies together. For example, Bertelsmann is rewriting its constitution into English and its chief executive-elect, Thomas Middelhoff, is not only publicly discussing plans to expand in the United States, but is also preparing to move to New York for a period of acclimation. Executives at Bantam Doubleday Dell say Mr. Middelhoff has been strongly encouraged by his own boss to practice his English and to soften the edges of his German accent to sound more American.

Breaking the Area Code

Why Phone Numbers Don't Add Up

By ANTHONY RAMIREZ

NO, it's not your imagination: the number of area codes is growing faster than ever. There is on average one new area code somewhere in the United States every month. Three years ago, there were 127 area codes and today there are 164, unmemorable ones like 954 for Miami and, as of next month, 781 for Boston. That doesn't include the third and possibly the fourth area code that state regulators say will be needed for Connecticut, less than a year after 860 went into effect.

The standard explanation for this dizzying proliferation of area codes is that America has gone telecommunications-crazy, that demand for cellular telephones, pagers, computer modems and second phone lines in homes is exhausting the supply of telephone numbers.

True, there are 269 million regular telephone lines, cellular phones and beepers. But there are nearly 1.3 billion potential numbers — or almost five in use, or in reserve, for each phone gizmo in America. So why do phone companies continue to ask for — and regulators to assign — new area codes?

A billion number combinations are still available. That doesn't matter.

The full explanation for the area-code crisis is complex: the problem is a combination of demand for gadgets, the opening of the local-telephone market to competition, and complications from an outdated master plan for assigning telephone numbers, known as the North American Numbering Plan. The master plan, put into effect in 1951, may be the biggest culprit, forcing telephone companies to sideline millions of numbers.

"Due to no fault of anyone's own, telephone numbers are not being used in the most efficient way," said Jim Deak, manager of the North American Numbering Plan for Bellcore, the research firm that runs the program. The Illinois Citizens Utility Board, a Ralph Nader organization, estimates that 70 percent of the potential phone numbers resulting from recent area-code splits in Illinois are "wasted." The same may hold true on a national scale, the group says.

To understand how the country with the most advanced telecommunications system in the world got into the fix that it is in, the first step is considering what a telephone number is.

The phone number is a fixed form of address, the first three numbers design-



Lily Tomlin's Ernestine said it: "We don't care. We're the phone company."

nating a city or portion of a state, the next three digits identifying a telephone company's "central office," or bank of computers, and the last four pinpointing a particular telephone line.

When the North American Numbering Plan started, numbers were issued in blocks of 10,000 numbers to subsidiaries of one giant phone company, the Bell telephone system. They were issued in groups of 10,000 — 9,999 numbers plus 0000 — because it simplified billing and other technical functions.

With the introduction of local-phone competition, however, phone numbers

suddenly acquired value. "Incumbent" carriers, such as the regional Bell telephone companies, now issue all local numbers and therefore have an advantage over incoming rivals, like Sprint and upstart carriers like RCN Corporation. Without a telephone number, a customer would not be able to switch carriers from, say, Nynex to MCI — which announced Friday it had begun offering local service in New York City. To reduce that advantage, Federal regulators require that companies like Nynex issue rivals as many numbers as they want — in 10,000-number blocks.

In Illinois, Ameritech provided much of the local-phone service in the state. But now rivals can demand as many numbers as they need to compete effectively with Ameritech. When the 630 area code took effect last August, 32 Ameritech rivals asked for telephone numbers.

Moreover, under the North American Numbering Plan, phone carriers can assign numbers without using every number in the 10,000 block. Businesses prefer numbers ending in identical digits, like 1111, or three zeroes, like 1000,

A master plan is fingered for those three-digit codes.

because they are easier for customers to remember. The result, however, is that in some 10,000-number blocks, only a few thousand — sometimes only a few hundred — numbers are used.

Critics like the Illinois Citizens Utility Board say telephone carriers should treat phone numbers like bowling shoes that are used by one customer and then returned to a checkout desk to be used by another. For example, unused numbers in a 10,000 block would be returned to a central pool where they could be shared by many phone carriers. Seamus Glynn, an analyst with the Citizens Utility Board, said this would stave off the need for more area-code splits for 11 years instead of three or four years that now follow each split.

What's My Line?

An advisory group set up by the Federal Communications Commission is studying such number-conservation plans as well as establishing a system of independent number administrators, who would ration numbers.

Also, something called "number portability" may conserve the supply by making telephone numbers a mobile form of address. It is a way of reprogramming telephone computers so that customers can keep their local telephone numbers when they switch carriers and thus reduce the need for new numbers for rival carriers. A similar approach for toll-free numbers, like the 800 area code, used up 99.96 percent of the numbers before the phone companies had to move on to 888.

Number portability for the local market is expected over the next few years. Tomorrow won't be too soon: Part of Manhattan's 212 will be splitting off into 646 next year. And Illinois is studying another area code only 16 months after the last split. But you've already gotten tired of using 847 for Chicago, haven't you?

An Industry Grows Up

Continued From Page 1

them to grow up. "We want to let go of this notion that for Apple to win, Microsoft has to lose," he said. "We better treat Microsoft with a little gratitude."

Or at least with equanimity. Mr. Jobs, who was ousted from Apple in 1985 and returned last December as an adviser when Apple acquired his company Next Software Inc., clearly views Microsoft's dominance of mainstream personal computing as a fact of modern life. Railing against Microsoft, he suggests, is like complaining about the weather — emotionally satisfying, perhaps, but pointless.

So finding a way to work with Microsoft, or make a living in its slipstream, is what strategy is in the PC industry today. "Every company, no matter how much they may dislike Microsoft, has to work with Microsoft as well," observed David Yoffie, a Harvard business school professor.

Gore and Doerr

As they age, the computer industry's elite are learning to accept the necessity of working with Washington, too. For years, Silicon Valley's entrepreneurs would boast of their aversion to the Government. With their free-market libertarian bent, the architects of the high-tech economy used to view Washington as the last refuge of the industrial economy's losers, seeking protection and subsidies.

But today, Silicon Valley is losing its disdain for Washington. The spread of the Internet as a medium of communication and commerce raises the prospect of Government oversight, if not conventional regulation. And at the very least, the techies want to make sure the dunderheads in Washington don't mess things up.

So, last month a group of Silicon Valley executives and venture capitalists formed a bipartisan political action committee, the Technology Network, to push their "new economy" agenda. The group is headed by John Doerr, senior partner of Kleiner Perkins Caufield & Byers, a leading venture-capital firm, and James Barksdale, chief executive of the Netscape Communications Corporation. Mr. Doerr has become such a close adviser to Vice President Al Gore that a recent article in "Fast Company" magazine ran under the half-jesting headline: "Gore and Doerr in 2004?"

There was a time when Steve Jobs declined to even vote, a lingering effect, he said, of his reaction to the Watergate era. But now he has become politically engaged again. He played host to a dinner for Bill Clinton at his home in Palo Alto, Calif., last year. And he contributed enough to the Clinton campaign — about \$100,000 — to have been invited to the sleep in the Lincoln Bedroom.

Mr. Jobs says that having children made him realize how important some public policy issues are. Family life, too, has changed some of the tone and style of cyber business. In their talks about the Microsoft-Apple deal, Mr. Gates, who has a young daughter, said he and Mr. Jobs, who has three children, spoke not only of software and money but also of the miracle of watching firsthand as the brain of a young child gets wired.

At Pixar Inc., the computer animation studio behind the hit film "Toy Story," a company Mr. Jobs founded, the management style is not what it was like at Apple in the early 1980's. And family is a key reason. "If Steve calls you at home, you can tell him you'll call him back because you're reading a bedtime story to your kids," said Lawrence Levy, Pixar's chief financial officer. "Steve does it and he's totally tolerant of others doing it."

That's a far cry from the early 1980's, when Mr. Jobs headed the Apple team that developed the Mac, working around the clock, in a building with a pirate's flag flying outside.

The World



U.S. officials saluted and North Koreans stood impassively as the remains of four American soldiers were handed over to U.N. troops across the Korean military border last week after a joint recovery operation.

It Takes One to Start a War, but Four to Make Peace

By STEVEN LEE MYERS

WASHINGTON
WAR, its tensions and repercussions, can endure long after the last shot is fired. Then there is Korea, where the war wages on. North and South Korea, split by the cold war in 1945, remain in a state of perpetual hostility, with few hopeful signs of a thaw. The ailing and isolated totalitarian regime in the north shows an old, familiar truculence — even as the country's headlong slide into famine forces it to accept aid from the outside and stokes fears in the south of economic disaster if North Korea collapses. Business ties between the two countries are nominal, the goodwill nonexistent.

In a modern conference room at Columbia University, encircled by a sweeping view of New York City, diplomats from the United States, China and North and South Korea met last week to try once again to ease the tensions by bringing the Korean War to an official end. The war, which no one really won, was never really over. The armistice, signed in Panmunjom on July 27, 1953, was designed to silence the guns just long enough to arrange peace talks and a permanent and legal truce. Instead it lasted 44 years, however tenuously at times, leaving the Korean peninsula in a state of war-not war that has made it one of the most tense and most heavily defended regions in the world.

"This is a war that's never been won by either side," said Charles K. Armstrong, a professor of history at Columbia's School of International and Public Affairs, which played host for the talks. "It resulted in a stalemate, and that's what's carried on all these years."

The meetings in New York were meant to lay the foundation for "four-party talks" now that the United States, China and the two Koreas have agreed to replace the fragile armistice with something more lasting. After all these years, that goal may prove all but impossible.

After three days of meetings, the delegations abruptly broke off their talks Thursday evening. They were unable to agree even on an agenda for further talks, although they agreed to try again in September. It was a reminder, if one was needed, that starting a war can be a lot easier than ending one.

The Koreans, of course, are not the only countries in such a state.

Cyprus is a torn and potentially explosive place, restrained only by the presence of United Nations peacekeepers 23 years after Turkey invaded, ostensibly to protect the island's Turkish minority from a Greek coup attempt.

Ecuador and Peru keep fighting — for three bloody weeks in 1995 — over a swath of mountain jungle because Ecuador in 1960 stopped recognizing a peace treaty the two countries signed in 1942. Israel, nearly half a century after its founding, remains officially at war with Syria, which has not yet made peace with the Jewish state, unlike Egypt (in 1979) and Jordan (in 1994).

The Koreans, though, are unique. For most of the century, the peninsula has experienced only occupation and division. Japan was the first, occupying the country from 1910 through the end of World War II. Promised independence by the Allies, Korea was instead cleaved in two by the Soviet Union and the United States, creating separate societies, each isolated from and increasingly suspicious of the other.

'A Throwback'

The Korean War, which is often called the Forgotten War, sandwiched as it was between the epic of World War II and the American quagmire in Vietnam, was the first real battleground of the cold war. It has now outlived it. "Korea is a throwback," a senior Clinton Administration official said. "There is no other place in the world where this type of cold war remains."

The fighting in Korea ended more or less when the

generals decided enough was enough. After North Korea's invasion in 1950, the American-led United Nations counteroffensive and China's intervention, the war had reached a stalemate, but the slaughter continued. Three years of fighting had killed 118,000 soldiers on the United Nations side, nearly half of them Americans; the South Koreans lost 70,000 soldiers, the North Korean and Chinese more than a million.

The Military Armistice Agreement was what it sounds like: a military solution, not a political one, signed by the commanders of the United Nations forces, China's "volunteers" and the "Supreme Commander of the Kore-

to the civilians. The civilians met in Geneva in 1954, but the talks broke down almost immediately. And despite subsequent attempts over the years, they never returned.

Regrets Only

But if the armistice has held so long, is it really necessary to replace it?

Jeong Ho Roh, associate director of the Center for Korean Legal Studies at Columbia University's School of Law, said a formal end to the war is crucial. The lack of a peace treaty, he explained, frees both North and South Korea of accountability. Either side can violate the armistice more or less with impunity, as happens repeatedly in clashes along the demilitarized zone.

Last September an incident involving a North Korean submarine ended with 34 of sailors and commandos being killed South Korea. That incident, condemned as a provocation by the South and the United States, actually allowed the diplomatic breakthrough leading up to last week's meeting: North Korea delivered an unprecedented "expression of regret." Last week Pyongyang released the remains of American soldiers killed four decades ago.

A peace treaty, Mr. Roh said, would bind the two sides to certain international norms.

And that may explain why the effort to arrange peace talks among the United States, China and the Koreans — first proposed by President Clinton and South Korea's President Kim Young Sam of South Korea in April 1996 — have dragged on so long.

Officially ending the war would be, for North and South Korea, tantamount to recognizing the legitimacy — in fact, the very existence — of the other. Neither seems fully prepared for that, and so the status quo, for all its flaws, preserves the claims of each to represent the one, true Korea.

"Without a legal end to the war," Mr. Roh asked, "how can there be a start to a new relationship between the two Koreas?"

Once again, negotiators have given up on officially ending the Korean conflict.

an People's Army," Kim Il Sung. Complications now arise from South Korea's not signing the armistice, which allows North Korea to claim that the south should not even be represented in peace talks. North Korea has long tried to negotiate directly with the United States over the peace terms, freezing out the south.

The armistice, with its preamble and five articles that went on for 63 paragraphs, quieted the guns, established a demilitarized zone more or less along the 38th parallel, separating the badly battered armies, and created a Military Armistice Commission to act as a sort of arbiter of the cease-fire.

The military commanders agreed to stop fighting "in the interest of stopping the Korean conflict, with its great toll of suffering and bloodshed on both sides," as the preamble put it, but left the "final peaceful settlement"

Status Ex Machina

Serbian Media Is a One-Man Show

By JANE PERLEZ

BELGRADE, Serbia
THE Serbian leader, Slobodan Milosevic, the propaganda maestro of the Balkans, rarely appears on state television. When he does, he insures that it is in grand style. At his swearing-in as President of the Yugoslav federation last month, the camera showed him seated in the front row of the federal Parliament, pug faced and steely gazed. Supplicants lined up to shake his hand. There was loving footage of him as he, his wife and daughter, all dressed in black, and his son with peroxided hair rode off in a six-door Mercedes flanked by guardsmen in Tito-era uniforms.

Mr. Milosevic choreographed virtually every camera angle of the ceremony, say those who have worked inside Serbian Television and Radio. This is not too difficult since he allows only one cameraman, Miki Cetovic, to film him.

Hatred Disguised

The conflict in the former Yugoslavia is officially over, but the propaganda methods that helped inflame it continue. For 10 years now, state television has fed the Serbs with an undiluted diet of nationalism. It now concentrates on keeping Mr. Milosevic in power through glorifying his Socialist Party. The key techniques are what Dragan Cicic, a Serb journalist who was a Nieman Fellow at Harvard University this year, calls "primitive simplicity" and "unchecked hatred painted as deep passion for the destiny of Serbia."

Last February it seemed a crack was appearing in the hard facade of destiny when hundreds of thousands of demonstrators filled the streets here to protest against Mr. Milosevic. But that convulsion of public opinion seems long ago, its protagonists now preoccupied with political jockeying.

The state media grinds on, virtually unchallenged. Serbia is portrayed as a prosperous and popular country, not as an economically broken and isolated place ruled by one



Serbian television showed crowds cheering Slobodan Milosevic after Dayton peace accords. Mr. Milosevic at political meeting, right.



of the last authoritarian regimes in Eastern Europe. A round of congratulatory telegrams for Mr. Milosevic are read endlessly by the television anchors. Never mind that they come from the authoritarian rulers of China, Cuba and Nigeria. The man who has led the Serbs to disaster is shown as personifying all that is right about the country's historic place in the world. The war Mr. Milosevic wrought in order to bring about greater Serbia but which in fact ruined Yugoslavia is never mentioned anymore.

After so many years of domination and with no competition, Serbian Television has been outstandingly successful in its mission to create a pliant population. "People here still don't believe that Dubrovnik was shelled," said Veran Matic, the founder of B-92, the only independent radio network in Serbia. The Yugoslav army attacked the Croatian port town in 1991. "Belgrade TV showed Dubrovnik with columns of smoke and then said that it was caused by the local people burning tires," he said.

The pattern of thinking that Serbian TV has molded goes like this, Mr. Matic said: Serbia is the center of the earth; everything

that the Western media says is a lie, and any involvement by Western politicians is designed to destroy it. The West, also known here as the "creator of the so-called new world order," is blamed for all the harm brought upon the old Yugoslavia.

Even so, when important American officials visit Belgrade, they are always depicted as paying homage to Mr. Milosevic, a reliable formula that makes top Washington officials think twice about meeting with him but rarely stops them. The visit of Richard C. Holbrooke to Belgrade this weekend, designed by Washington to win some compliance from Mr. Milosevic on the peace agreement, was shown on television here as a meeting between two important men.

Some of the more extraordinary recent visuals on Serbian television have been attempts at showing economic success amid economic ruin. A furniture factory was filmed with a few workers stuffing cushions. Socialist Party officials were shown visiting a farm with unusually high yields of grain; they made the coming harvest seem big enough to feed the country.

Yet unemployment is about 40 percent in

Serbia, and those with jobs in state industries have not been paid in months. It is hard to fathom how viewers can believe such scenes of optimism night after night.

"Ninety percent of the people accepted the jingoism of the war," said Slobodan Stupar, an editor who worked for the state television. "They have been defeated politically and militarily. And people know it. But they don't want to admit it because they believe the defeat was all the work of the international community, which supported the Slovenians, the Croats and the Muslims."

Last-Minute Tinkering

Making state television so consistent takes meticulous planning. Most mornings, Dragoljub Milanovic, the director of Belgrade TV, who is in the hierarchy of the Socialist Party, telephones Mr. Milosevic to discuss the 7:30 P.M. news program, say those who have worked at the station. After the subjects are decided on, a small group of editors assigns them to teams of reporters. All editing must be completed 45 minutes before air time so that Mr. Milanovic can review the

reports. The show often starts late because of last-minute tinkering.

Finding reporters and editors is not hard. In 1992, about 1,500 editorial workers were fired from the state-run media and a new bunch hired. While their salaries are not grand, many are enticed by generous housing allowances. Most are also ideologically in tune with the Milosevic line. A reporter for state radio recently told an American reporter that he could speak fluent English but refused to do so on "political grounds."

The oppressiveness of state television is compounded by Mr. Milosevic's refusal to allow any alternative. Despite his pledge in the Dayton peace agreement to uphold the right of a free press, he last month shut some of the regional television stations run by opposition parties. The only privately owned television in Belgrade, Karic TV, was pulled into line after it showed some independence.

Serbia's President is also helped by the lack of energy at Studio B, the city television station in Belgrade. When the opposition politician Zoran Djindjic took over Belgrade City Hall, many hoped that Studio B would be rejuvenated. But the station's camera equipment is so antiquated that it barely functions. Video tapes of Studio B's nightly news are sent by bus to the independent channels in the countryside. "It's like the Middle Ages," said Lila Radonjic, the editor in chief.

Belgrade TV, by contrast, is well funded. A fee for state television is incorporated into the electricity bill of every Serbian household. There is little competition from Western television, which is a staple elsewhere in Eastern Europe. By building such suspicion about the West, Mr. Milosevic has created an atmosphere of xenophobia that has dampened curiosity about the West. There are more satellite dishes in Tirana, Albania's capital, than in Belgrade.

To insure that the propaganda machine will be working smoothly for the elections next month to choose a new Serbian President to fill the post Mr. Milosevic just relinquished, all summer vacations at state television were canceled in mid-July.

"It's like the army on red alert," Mr. Stupar said.

J.P. Morgan Cautiously Tries To Extend Its Reach

By SAUL HANSELL

TODAY, J.P. Morgan & Company can be seen all over the world, orchestrating mega-mergers, peddling stock, engaging in all the other varieties of wheeling and dealing performed by Wall Street's investment banks.

That's quite a switch for what was once a nap-in-the-leather armchair commercial bank in an evaporating market for corporate loans.

In its successful donning of Wall Street's suspenders, Morgan can be seen as a role model for the other big commercial banks that have more recently bought brokerage firms — BankAmerica or Swiss Bank — or for other banks, like Chase Manhattan, that are hiring veteran traders and deal makers to build investment banks from scratch.

But if they look more closely, these other banks may see more warning signs than hope in Morgan's story. After all, other than raising the paychecks of those of its bankers not put out to pasture, what has all the hard work gotten for J.P. Morgan?

Not profits. Morgan's return on equity last year was 15 percent — a mediocre performance, especially in a bull market.

Not shareholder return. Morgan's stock has trailed the broader market, as well as the shares of other banks and brokerage firms.

Not even a clear path to success.

Many analysts are down on Morgan's stock, despite the bank's rising profile in world deal-making. Earnings from investment banking, after all, are notoriously volatile, and as players like Morgan jump in, everyone's margins have been declining.

"There is a lot for Morgan to be proud of," said Judah Kranshaer, a banking analyst at Merrill Lynch & Company. "But if they want to establish themselves as a pre-eminent competitor, they have to move to another level of financial performance."

To which Morgan's brusque chairman, Douglas A. Warner Jr., known to his friends as Sandy, has a forthright response: Just wait.

"To be building at the pace we are building and changing our product mix at the pace we are changing and still produce the kinds of returns we have made is damn good," Mr. Warner said in his characteristically telegraphic style.

Still, he is keenly aware of investors' concerns. Mr. Warner has taken modest steps to cut costs, use Morgan's capital more efficiently and expand the company's big, but slow-growing money management unit, a business seen as more stable than investment banking.

To that end, Morgan last month said it would buy 45 percent of the American Century Companies, a big mutual funds group, for \$900 million. For Morgan, which has generally served only corporations and the so-

per-rich, the investment is meant to reach down into the ranks of mere millionaires (see box, page 12).

But the stake in American Century, analysts said, would bring Morgan \$45 million a year in earnings to start — less after payments on the debt used to pay for it. That is a drop in the bucket for Morgan, which earned \$1.6 billion last year.

So where will Morgan find the extra half-billion dollars a year in profits it needs to satisfy the market?

The bank is not likely to emulate BankAmerica, which acquired Robertson Stephens this year, and buy a stock brokerage firm. Morgan would have bought one 10 years ago, but the law then would not allow it. Now, it's too far along building its own investment banking business, Mr. Warner said.

Nor is the bank going to imitate, say, the Bankers Trust New York Corporation and specialize only in profitable niches.

Morgan makes a great deal of money from its derivatives and Latin American units — and especially from placing big bets for its own account on world bond markets. But it has used those profits to pay for its vast expansion into more competitive areas, especially stock trading and underwriting.

Rather, in its own maddening way, J.P. Morgan is methodically, relentlessly and a little bit pompously trying to shoot the moon. It wants to offer a full range of trading, financing and advisory services in every major market.

But it only wants to serve the world's largest and most sophisticated corporations and governments — and a handful of promising upstarts it thinks can reach those heights with the help of J.P. Morgan.

Roberto G. Mendoza, Morgan's suave vice chairman and top deal maker, is quick to acknowledge the seeming paradox of the company's attempt to profit from providing extensive, and costly, service to a handful of clients.

"Yes. That is internally contradictory," he said. But it is also the "guts" of Morgan's business — consulting capital and providing objective advice from a global perspective. Doing that, Mr. Mendoza said, "you can make a difference."

He said that there was only one way for this strategy to pay off. Morgan must muscle its way to the very top of the financial mountain, currently occupied by three dominant, global firms — Morgan Stanley, Goldman, Sachs & Company and Merrill Lynch. Others are climbing too, and the leaders don't look like they are falling off.

Preserving Its Roots

By making its business with the world's largest companies the base camp for its assault on the investment banking giants, Morgan is simply going back to its roots. The bank's glass-and-stone-clad tower is just a few steps down Wall Street from the first established in 1872 by J. Pierpont Morgan, directly across from the New York Stock Exchange. And many of Morgan's client relationships trace back to the days that J.P. himself financed the railroads and robber barons and bankrolled the creation of the AT&T Corporation, the General Electric Company and United States Steel.

"Like they said about Barry Goldwater, who had the initiative to inherit a department store, J.P. Morgan had the good sense to inherit the best client list and the best brand name in the world," said Raphael Sopher, an analyst with Brown Brothers Harriman & Company.

But 20 years ago, as those clients stopped borrowing so much from banks, Morgan recognized that it needed to develop other ways to serve their needs. First in London and later in the United States, as the Depression-era wall separating commercial and investment banking began to crumble, Morgan began underwriting stock and bond issues and advising on mergers.

Progress was slow, but competing banks did not benefit from being quicker. Citicorp bought several brokerage firms in London, and the resulting explosion of cultural incompatibility soured it on the stock brokerage business to this day.

Bankers Trust, meanwhile, pur-

sued only the most profitable niches in banking. Burying itself trading derivatives and financing leveraged buyouts, Bankers Trust in the early 1990's was the nation's most profitable big bank, with a return on equity of 25 percent. Then a handful of laxly supervised employees put the profits of the derivatives business above telling the truth to customers, resulting in Government sanctions and collapsed earnings. (Bankers Trust's new management has a new strategy: in February, the bank bought Alex. Brown & Sons, an investment bank specializing in midsize companies.)

Morgan, by contrast, chose to build a full-service investment banking business, eschewing both mergers and hiring armies of high-priced mercenaries from competitors in favor of retraining its own people for new tasks.

In the few cases in which Morgan has hired from other firms — as in starting up its stock operation in the United States — it has refused to guarantee the huge "lumberyard" pay packages common elsewhere, like "the 4-by-4." Wall Street parlance for \$4 million annually for four years. Rather, collegially is Morgan's mantra, and bonuses are based on evaluations by peers and subordi-

nates as well as superiors. Morgan says, in fact, that its strict control of the human dimensions of its operations has helped maintain a fastidious and aristocratic culture that distinguishes it from competitors. Morgan executives talk about culture so much that it sometimes sounds as if they're in the yogurt business. The rules — unspoken of course — frown on flamboyance, boasting, loud ties and strong language. Other banks may have star systems; at Morgan, hotshots are simply not tolerated.

Executives argue that these rites are necessary if Morgan's executives are to subordinate their individual initiative to corporate goals.

"It's a huge challenge dealing with smart people who have ambition and drive and getting them to work in teams," Peter D. Hancock, who runs the fixed-income division, said. For Morgan, he said, "the most attractive transactions are ones where four different product areas and three different locations are all working together to solve a client's problem."

Indeed, Morgan has embraced the doctrine employed by Gen. Norman Schwarzkopf in the Persian Gulf War: attack by overwhelming force. "Morgan will show up with 20 people for a three-hour presentation to a client," said one former executive. "Goldman, Sachs will just send two people to sketch out a deal on a napkin at the golf club bar."

Yet, this intensity can pay off. Two years ago, the Ford Motor Company tossed Morgan the industry equivalent of table food scraps — the "co-management" of a stock underwriting with several other firms. But Morgan's team made a big show of working harder than the other co-managers, and Ford rewarded its diligence earlier this year by naming Morgan lead manager for its spinoff of the Hertz car rental company.

The Price of Self-Reliance

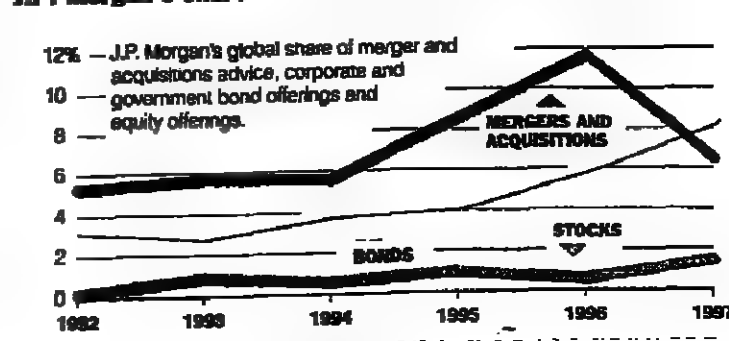
Steadily, in fact, Morgan has captured a growing share of prominent investment banking deals, far more than skeptics would have predicted a decade ago. So far this year it ranks 14th in stock underwriting worldwide and third in bond underwriting.

In merger advice, it ranks ninth. In the last year, it advised the McDonnell Douglas Corporation on its sale to the Boeing Company and Ciba-Geigy in its merger with its fellow Swiss pharmaceutical giant Sanofi to create Novartis A.G., the world's biggest drug maker. And it is No. 1 in some new and rapidly growing fields, notably derivatives trading and investment banking in Latin America.

In the United States stock underwriting business, which the Federal Reserve only allowed banks to enter in 1989, Morgan ranks 11th this year.

Still, Morgan says its equity business has exceeded expectations, making money from "day one" and taking in revenue of \$500 million last year. Most important, the bank says that revenues in its equity operations are poised to expand far faster than expenses.

J.P. Morgan's share of Wall Street deals has increased ...



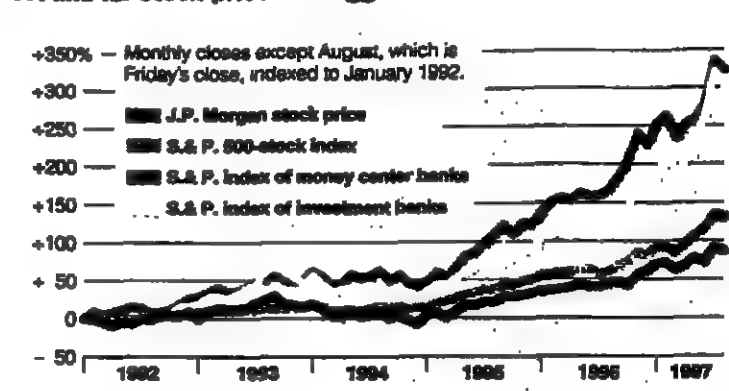
... though profit margins remain low ...

J.P. Morgan's profits from commercial and investment banking are as big as those of the world's leading players, but its stock price and margins — as measured by return on equity — have lagged.

Bank	1996 wholesale pretax income*	1996 return on equity†	5-year stock performance
Chase Manhattan	\$3.4 billion	+18.4%	+207%
Citicorp	2.8	+20.4	+630
Goldman, Sachs	2.8	N.A.	N.A.
J.P. MORGAN	2.3	+14.9	+135
Deutsche Bank	2.2	+7.9	+130
BankAmerica	2.2	+15.0	+267
Morgan Stanley	1.8	+20.3	+186
Credit Suisse	1.5	loss	+252
Salomon Brothers	1.4	+21.7	+88
Merrill Lynch	1.3	+26.8	+502
Union Bank of Switzerland	1.0	loss	+176
Bankers Trust	0.9	+11.8	+114

*Pretax income includes commercial and investment banking activity but excludes business with consumers. †Any Salomon excludes Frito. Merrill is an estimate. †Return on equity is after tax for the entire company. Stock performance to July 31, 1997, except to May 31 for Morgan Stanley, before its merger with Dean Witter, Discover.

... and its stock price has lagged.



Sources: Bloomberg Financial Markets; company reports; Sanford C. Bernstein; Securities Data Corp.

Bank executives do not like to talk about it, but for all Morgan's emphasis on customer relationships, most of its profits over the last several decades have come from trading bonds for its own account.

The company's historically close ties to central bankers in major countries gave it insight into interest rate policies that it could exploit in its positions. More recently, Morgan has also started taking ownership stakes in some of the companies it advises. A \$64 million investment in what became the Columbia/HCA Healthcare Corporation in 1989, for example, produced a \$1 billion profit.

As recently as 1995, bond and stock investing for its own account generated 60 percent of Morgan's profits. So it was a milestone of sorts that 60 percent of the bank's profits last year came instead from its business with clients, including market making, underwriting and advisory services.

For all the money it continues to make investing for itself, Morgan knows that the unpredictability of such returns contributes to the uncertainty that Wall Street hates. As a result, the bank's goal is to reduce proprietary profit to 25 percent of the total.

Now What?

If proprietary trading returns are erratic, if investment banking margins are narrowing, if commercial lending is a shadow of its former self, where will Morgan's dependable stream of profits come from? How will the bank elbow its way into the top ranks?

Sandy Warner looks hopefully to more repeat business from Morgan's existing client list.

"There is huge excess capacity in all these businesses," Mr. Warner said. "The extraordinary returns go to the leaders. This is a very good business if you get the first call on a client's most complicated problem, one that has a big payoff for solving it."

The question of how many new clients Morgan should seek has produced a lot of internal debates and some changes of strategy. The fixed-income trading and underwriting division recently decided to pull back from certain customers that were using only low-margin services, in favor of bigger accounts that give Morgan more lucrative assignments.

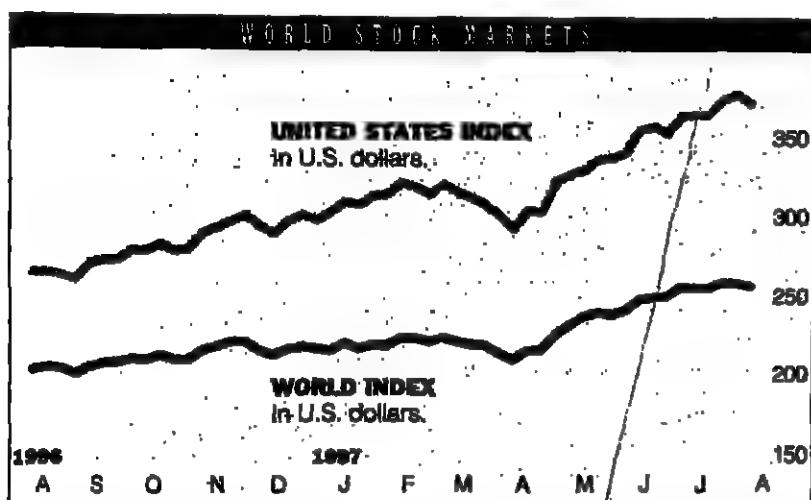
In the equity business, Morgan is taking a cautious step down-market. Its traditional blue-chip clients rarely need to sell stock, so Morgan is courting smaller companies and leveraged buyout firms, the sort of folks it used to shun as "not our sort."

But the bank is limiting its dealings to an exclusive club of small companies that it figures will grow big enough to buy a lot of its services, offering its top choices the "sponsorship" of its name. One example is the Iomega Corporation, the rapidly growing maker of Zip disk drives. "Morgan impressed us with the level of the people they sent to talk to us," Leonard C. Purkis, Iomega's chief financial officer, said.

It will not take many missteps to derail Morgan's ambition. The machine Morgan has built is so expensive to operate that if it cannot generate peak profits in bull markets like today's, Morgan will swamp in costly overhead in a downturn.

To be sure, Morgan has more capital than any Wall Street firm, so it could survive a slow period better than most. But it is that capital that keeps shareholder returns low even in good times, and Morgan is slowly cutting back its reserves and increasing its leverage.

Many Morgan executives have even been quietly rooting for turbulent markets on the theory that when some of its hotshot competitors get into trouble, slow and steady Morgan will rise up a few more notches. Maybe then, the Morgan executives hope, Wall Street wages will fall and fees will rise.



Prepared by Goldman, Sachs & Co. using data derived from the Financial Times/Standard & Poor's Actuaries World Indices, a measure of stock market performance. The FT indices are compiled jointly by The Financial Times Limited, Goldman, Sachs & Co. and Standard & Poor's, in conjunction with the Institute of Actuaries and Faculty of Actuaries.

PERFORMANCE IN U.S. DOLLARS IN LOCAL CURR.

Country	Index	Week % Chg.	Week Rank	YTD % Chg.	YTD Rank	Dividend Yield	Index	YTD % Chg.
Australia	233.51	-1.9	22	5.2	19	1.60	212.38	14.3
Austria	199.22	-2.1	23	4.9	21	1.71	191.82	26.2
Belgium	239.21	-4.0	25	5.1	20	3.03	225.82	26.6
Brazil	289.80	-1.2	18	52.7	1	1.27	578.59	59.5
Britain	311.61	-0.8	15	10.0	17	3.44	292.72	19.3
Canada	221.59	-0.1	11	16.7	10	1.63	223.24	18.5
Denmark	387.43	-1.7	21	10.1	16	1.37	371.87	31.7
Finland	307.43	-0.3	13	25.2	6	1.54	357.26	50.4
France	227.23	-1.5	20	6.2	18	2.37	222.62	27.5
Germany	232.50	-0.8	17	22.4	7	1.27	223.99	47.1
Hong Kong	577.57	2.4	4	13.9	1	2.67	574.05	14.0
Indonesia	208.93	-8.3	27	-8.4	24	1.95	333.89	1.0
Ireland	373.59	0.7	9	13.6	2	2.68	368.64	33.9
Italy	98.92	-0.8	16	18.5	9	1.78	133.62	40.8
Japan	134.46	1.6	6	4.2	22	0.80	98.49	4.0
Malaysia	418.94	-9.8	28	-30.6	27	1.60	434.99	-25.9
Mexico	1,810.34	-0.1	12	48.4	2	1.45	15,466.45	47.3
Netherlands	428.23	1.9	5	27.4	4	1.91	408.12	53.8
New Zealand	89.56	-3.3	24	-2.4	23	3.89	74.82	8.5
Norway	330.72	3.8	1	11.9	14	1.80	341.09	33.2
Philippines	149.40	3.4	2	-26.6	26	0.96	212.94	-20.2
Singapore	356.05	-4.7	26	-15.2	25	1.26	243.00	-10.2
South Africa	357.94	1.1	7	12.4	13	2.38	365.24	12.2
Spain	245.10	1.0	8	11.5	15	2.29	290.37	34.1
Sweden	511.21	3.3	3	21.2	8	1.72	600.61	40.8
Switzerland	313.66	0.1	10	31.5	3	1.14	293.60	47.9
Thailand	58.48	-0.5	14	-37.9	28	4.24	72.23	-24.2
United States	378.82	-1.5	19	26.5	5	1.63	378.82	25.5

COMPOSITE INDICES

Europe	277.06	-0.3	15.6	2.36	271.44	32.6
Pacific Basin	152.78	0.8	2.8	1.26	113.48	3.6
Europe/Pacific	204.66	0.2	9.7	1.88	172.79	18.9
World	263.06	-0.6	17.3	1.75	236.96	22.1

Sources: Goldman, Sachs & Co. Exchange rates as of Friday's London close. © 1997 The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's.

CURRENCIES

Exchange rate	Friday	Last Friday	Week % Chg.	Year Ago
Japanese yen to the U.S. dollar	114.95	118.40	-2.91	108.23
German marks to the U.S. dollar	1.8473	1.8365	+0.59	1.4765
Canadian dollars to the U.S. dollar	1.3896	1.3807	+0.64	1.3702
U.S. dollars to the British pound	1.5855	1.6318	-2.83	1.5510

Sources: Bloomberg Financial Markets; exchange rates of Friday's New York close.

UPS AND DOWNS

Aug. 4-8: Rallies Halte, Stock and Bond Prices Tumble as Yields Surge

PRICES

IN ALL STOCK EQUITIES

Broad market	Down 1.44%
S & P 500 index	933.34
Blue chips	Down 1.59%
Down 30 industrials	8,031.2
Small capitalization	Down 0.00%
Russell 2000 index	414.9

DOMESTIC BONDS

Treasuries	Down 0.97%
Ryan Labs. Total Return	201.65
Municipals	Down 1.54%
Bond Buyer index	119.84
Corporates	Down 0.94%
Merrill Lynch Master index	889.22

AROUND THE WORLD

European stocks	Down 0.33%
F.T.-Actuaries Europe	277.06
Asian stocks	Up 0.80%
F.T.-Actuaries Pacific Basin	152.78
Gold	Up 0.46%
New York cash price	\$328.30

Foreign indices are given in daily terms.

YIELDS

BONDS

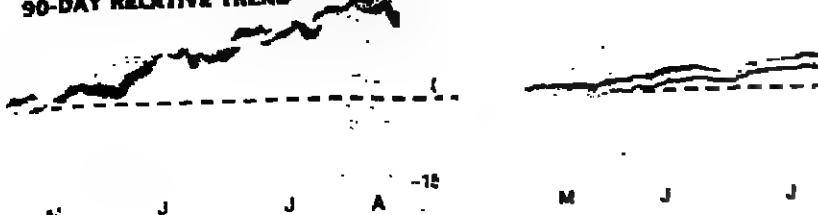
Long bonds	6.63%
30-year Treasuries	Up 18 basis pts.
Notes	5.98%
2-year Treasuries	Up 12 basis pts.
Municipals	5.56%
Bond Buyer index	Up 11 basis pts.

100 basis points = 1 percentage point

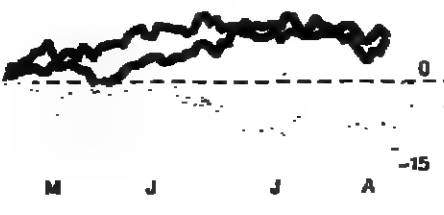
OTHER INVESTMENTS

Money market funds	5.06%
Taxable average	Up 4 basis pts.
Bank C.D.'s	5.17%
1-year small savers	Down 2 basis pts.
Stocks	1.65%
S & P 500 dividend yield	Up 2 b.p.

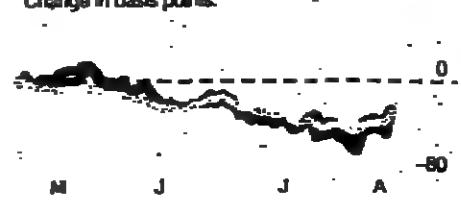
90-DAY RELATIVE TREND



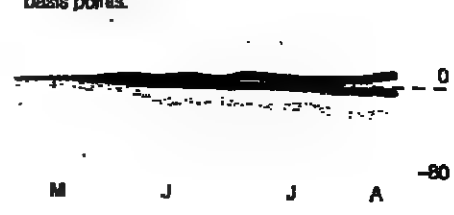
90-DAY RELATIVE TREND



90-DAY RELATIVE TREND



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The New York Times

Founded in 1851

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Salvaging the I.N.S.

Few students of America's immigration policy would contest the notion that the Federal agency in charge of it has been a calamity. No organization could successfully seal the border, but the Immigration and Naturalization Service has proved exceptionally inept at its most essential tasks. It has done a poor job of keeping out illegal aliens, deporting criminals, processing requests for asylum, visas or citizenship in a reasonable amount of time and even maintaining basic courtesy in the district offices that serve legal immigrants.

While nearly everyone who watches over the agency in Washington, including White House officials and members of Congress, wants to eliminate the problems, there is little agreement on how best to do so. The latest reform proposal comes from the United States Commission on Immigration Reform, a bipartisan advisory group appointed by Congress and the President in 1990. Word came last week that the commission intends to recommend abolition of the I.N.S. The panel, which has advocated sensible reforms in the past, does a service by drawing public attention to the agency's failures. But the group's recommendations, if carried out, would likely just make the problems worse.

The commission recommends parceling out I.N.S. functions. The Labor Department would catch illegal aliens on the job. The Justice Department — currently the I.N.S.'s parent agency — would continue to patrol borders, catch and deport illegal aliens and prosecute alien smugglers. The State Department would take over all visa and naturalization services.

The commission is correct that the I.N.S.'s dual job as policeman and social worker has ended up emphasizing police work to the detriment of serving

legal immigrants. But that is only partly attributable to the influence of the agency's enforcement-minded culture. A better explanation for failure, particularly on the service side, is chronic underfunding. The service staff, whose clients are mostly powerless and scorned, lacks sufficient training to deal with them.

The State Department is not equipped for this sort of work, which would be largely inside the United States. In addition, service and enforcement officers must consult whenever a suspicious visa application appears and an investigation may be warranted. Poor coordination in such cases usually accounts for the entry of unqualified immigrants into the country. Coordination would only worsen if enforcement and service responsibilities were placed in different departments.

Nor does moving workplace immigration checks to the Labor Department make sense. That would discourage sweatshop workers from reporting abuses, getting in the way of Labor's primary objective of enforcing wage and safety standards.

The I.N.S. may not be as hopeless as many politicians and the public think. It is extremely troubled, but has improved under the leadership of Doris Meissner. Since her appointment in 1993, the budget has doubled to \$3.1 billion, with most of the increase going to enforcement. The border is tighter, and the I.N.S. is deporting record numbers of criminal aliens. On the service side, naturalizations are moving faster and so is the asylum process. Unfortunately, the district offices remain disastrously run. Still, given the overall improvements in recent years, it is too soon to give up on the I.N.S. Changing the agency is not easy, but that path offers more hope than breaking up the agency.

Cloud Town

Wyoming is a metropolis of clouds. Some are born in the state, some move in from other places, but they all prosper because Wyoming is also a theater of wind. For days at a time this summer, the clouds have passed in migratory flight, complicating the sunlight. In late afternoon especially, along the northeastern rim of the Bighorn Mountains, great rafts of orographic clouds — shaped by the mountains, that is — rise with the terrain and then lean out over the creek bottoms, darkening the face of the Bighorns and seeming to reabsorb that darkness.

It has been a wet summer in Wyoming, and rich in cloud life. Hay bales have been stacked in pyramids in the fields to keep the damp off, and the barley has gone unirrigated. Often enough, when morning dawns, the dogs run up the hayfield road, inhaling and exhaling cloud, until they vanish into even grayness.

Those are the usual summer days, which often turn cloudless by noon. They end with lightning flickering all around the night horizon, the storms so distant that they lie beneath the constellation Scorpio, which never gets very high in the sky this far north. But along the road from Cheyenne to Sheridan three weeks ago, there was an extraordinary

convergence of weather. A squall line blew in from the open prairie to the east, an ominous, upward-thrusting shield of precipitation. The temperature dropped nearly 30 degrees, and the rain fell against the direction of the wind so heavily that drivers pulled off the road, turned off their wipers and watched the lightning take dead aim around them.

Twenty miles down the road, the temperature rose as much as it had fallen. The squall line broke apart into a landscape of sky that beggared the landscape of earth. Clouds coalesced into innumerable shapes, each requiring its own analogy. Shards of flint and flakes of obsidian knifed through the middle atmosphere. Mammatus clouds, as smoothly pebbled as a low-water beach, clung to the underside of thunderheads while pileus clouds — the name means skullcap — clung to their tops.

Some clouds had become castellated, and others had been beaten into sheets of lead or folded back upon themselves again and again like Damascus steel. The galactic gas jets of the deep universe were present and so were the nebulae. So, too, was the tight, blue-tinted halo of a matron marching westward in dudgeon across the sky. She canted over the sagebrush flats, hit an updraft and was teased into nothingness.

Dangerous Encounters Of the Cold War

Editorial Notebook Sky Wars

Col. Mikhail Botvinko attracted little national attention last month when he and several fellow Russian airmen flew a Soviet-era cargo jet across a large swath of the Eastern United States, taking photographs of American military bases as they went. That is a pity, because the flight of Colonel Botvinko, though a trial run, was rich with history and irony. It came more than four decades after it was first proposed, and followed the expenditure of billions of dollars by Washington and Moscow on other, more exotic ways to monitor each other's military forces. What would have been a great diplomatic breakthrough during the cold war seemed this summer merely another symbol of changed times.

The flight brought full circle one of the most volatile and secret chapters of the cold war, the effort to spy from the sky before the age of satellites. Throughout the 1950's the United States conducted dozens of clandestine reconnaissance flights near and over Soviet territory in an audacious and dangerous campaign to gauge the size and strength of Soviet forces. More than once, the effort brought Soviet and American planes into combat.

Colonel Botvinko may not have realized that his mission was inspired by those flights. It came almost exactly 42 years from the day that President Eisenhower, looking, in part, for a less explosive way to gather intelligence, surprised the Russians with a proposal to permit unrestricted access to the skies by American and Soviet military aircraft.

Eisenhower uncorked the idea in Geneva in July 1955 at a summit meeting with Soviet, British and French leaders. The plan, which was quickly dubbed the "Open Skies" proposal, seemed improbable, to say the least. Cold war tensions were high, and both Washington and Moscow lived in fear of a surprise attack by the other side. Nikita Khrushchev, the Soviet leader, quickly swatted down the Eisenhower plan, convinced that Washington's real intention was to gather targeting information for American long-range bombers.

Eisenhower's motivations were less threatening than Khrushchev thought. The unsealing of American cold war secrets in recent years suggests that Eisenhower's primary motivation was to reduce the danger of nuclear war. He hoped to pull Washington and Moscow back from highly combustible, though secret, confrontations in the skies over and around the Soviet Union.

Several American aircraft flying along the border had been shot down, and a number of planes sent directly over Soviet military installations had been attacked.

The year before the Geneva meeting, Eisenhower had quietly authorized urgent development of a new reconnaissance plane, the U-2, designed to fly above the range of Soviet air defenses. Flights over the Soviet Union by the U-2 were ended after one of the planes was shot down in 1960 and its pilot, Francis Gary Powers, was captured. In proposing "Open Skies" Eisenhower was not only seeking to command the high ground in world opinion by offering an idealistic proposal that Khrushchev was likely to reject. Nor would it have been unreasonable to collect targeting information on Soviet bases, given the possibility of a military conflict with the Soviet Union. Some of Eisenhower's top military commanders, including Air Force Gen. Curtis LeMay, advocated a pre-emptive American strike to disable Soviet forces if Moscow seemed on the verge of attacking the United States.

With the rejection of the Eisenhower proposal, Washington turned with increased intensity to aerial espionage. R. Cargill Hall, an Air Force historian, reported this spring in *The Quarterly Journal of Military History* that during a seven-week period in early 1956, the Air Force flew almost daily missions over the northern reaches of the Soviet Union from a base in Greenland. In one especially provocative effort, six American planes flew for hours in formation across eastern Siberia in daylight.

The arrival of the space age brought spy satellites, which reduced the need for aerial reconnaissance. Today the United States and Russia operate fleets of highly sophisticated satellites that can transmit images of the earth and intercept communications. The combination of that technology and the collapse of the Soviet Union made Eisenhower's idea less useful, and therefore more acceptable. In 1992, 27 nations, including America and Russia, signed the Open Skies Treaty.

If the Russian parliament ever gets around to approving the treaty, American reconnaissance planes will routinely fly over Russian bases, and Colonel Botvinko and his colleagues will return here to begin full-time work. Eisenhower and Khrushchev could scarcely have imagined it.

PHILIP TAUBMAN

Health Care Law Shows Big Government Lives

To the Editor:

Hillary Rodham Clinton's optimism on new Federal support for children's health care (Op-Ed, Aug. 5) reveals with regrettable clarity all that is wrong in public policy debates today. Politically, the President mouths the words "the era of big government is over," and then blithely works to spread its tentacles further into the lives of citizens. The Republicans meekly acquiesce, unable to articulate any principled opposition to the nanny state.

Mrs. Clinton mistakenly makes universal health care seem like all gain and no pain. She recites its benefits but refuses to focus on its costs.

Douglas J. Besharov's adjoining article noted how expanding subsidized care will drive private insurers from the market, thereby turning a larger fraction of working citizens into wards of the state. He could also have mentioned that the new plan introduces large deadweight administrative costs, invites the overuse of medical care and reduces parental incentives to prevent accident or illness.

By providing free public care, we further undercut charitable institutions and blunt efforts to slim down the vast licensing and regulatory apparatus that makes medical care unaffordable to so many. Mrs. Clinton's implicit premise is that Federal subsidies can offset Federal regulation. Mine is that we could do better with less regulation and less subsidy. Scarcity matters, even in health care.

RICHARD A. EPSTEIN

Chicago, Aug. 5, 1997

The writer is a professor of law at the University of Chicago.

Universal Fear

To the Editor:

Douglas J. Besharov (Op-Ed, Aug. 5) flatly states that "Americans have made it clear that they don't want national health insurance." In fact, in the early 1990's, Americans reacted favorably to the idea of national health insurance — until opponents began describing it by using

scare terms like "socialized medicine" and "putting one-seventh of the United States economy under government control."

These fear-mongers had deep pockets, and their rhetoric was thus able to dominate the debate and sway public opinion. But the resulting shift in sentiment should not be confused with genuine public opposition to a national health insurance plan.

STEVE MESSINA

New York, Aug. 6, 1997

No Increase in Uninsured

To the Editor:

Douglas J. Besharov (Op-Ed, Aug. 5) cites only one of four studies examining whether public insurance "crowds out" private insurance.

In contrast to the cited article, the three other studies show that previous expansions of Federal health in-

Mr. Besharov disguises a political argument with a scientific veneer. If he wanted to make a scientific argument, he might have noted that there is little empirical evidence showing that insurance improves children's health.

ROBERT KAESTNER

ESEL YAZICI

New York, Aug. 5, 1997

The writers are, respectively, an associate professor of public affairs at Baruch College and a Ph.D. candidate in economics at CUNY.

Yes to New Entitlement

To the Editor:

Douglas J. Besharov (Op-Ed, Aug. 5) seems disturbed that the working poor and small businesses might have access to anything more than low-cost, "no frills" (whatever that means) health plans and that offering a more uniform standard of care to our children, regardless of their economic circumstances, amounts to the creation of another entitlement. If that is what it takes to achieve the objective of high-quality health care for all our children, it is about time that we establish another entitlement.

MICHAEL BRANDRIS, M.D.

Pittsford, N.Y., Aug. 6, 1997

Congress Should Act

To the Editor:

Douglas J. Besharov (Op-Ed, Aug. 5) complains that even in this "hot" economy, business will respond to public health insurance for children by eliminating benefits for the children of low-paid workers.

This problem has a straightforward solution.

That is for Congress not only to establish a minimum wage sufficient to raise a family but also to require that every employer provide children's health benefits that meet the preventive health standards set out by the American Academy of Pediatrics and the Government's objectives for the year 2000. THOMAS K. GILHOOL

Philadelphia, Aug. 5, 1997

Bailout of Apple Won't Increase Competition

To the Editor:

The Microsoft Corporation's \$150 million investment in Apple Computer Inc. (front page, Aug. 7) is hardly altruistic. Microsoft is simply insuring that homeless Apple customers do not migrate to a Java operating system or to the network computer — an inexpensive machine that would provide access to all the information held on corporate networks and the global Internet. Java, with its flexibility, and the network computer, with its simplicity, threaten to overwhelm a computing industry in which profits are linked to how often users can be made to upgrade and how strongly depend-

ent they are on a particular vendor.

With Apple remaining in the picture, Microsoft is assured of a weak competitor and is also shielded from antitrust complaints. Additionally, rivals like Sun Microsystems and Netscape that would like to introduce cheap, easy and flexible computers are weakened by being forced to forage for customers in a crowded and entrenched market. Ultimately it is consumers who will pay for this \$150 million investment in the form of ever-increasing prices for unimpaired and stagnant software technologies.

ABDOURAHMAN TOURAY

New York, Aug. 8, 1997

Taking Barbie Lessons

To the Editor:

Given Maureen Dowd's penchant for criticizing President Clinton's alleged sexual proclivities, you might think she'd recognize the irony in preferring "voluptuous" Barbie to the new career version (column, Aug. 6). Ms. Dowd thinks it only natural that her scientific subject, 4-year-old Emma, should prefer her "usual game" of planning weddings with her Barbie and Ken. Anyone who has been attentive to the issue of how children internalize gender roles can see that Emma has learned what little girls should like: even her Lego set is pink.

I use "learn" because children often use play to test their place in the world. What makes me "ineffably sad" is not only that girls learn what "dolls" should do, but also that boys learn what they should do to "dolls."

MICHELE S. FRANK

Rhinebeck, N.Y., Aug. 6, 1997

For Cleaner Air, Try Electric Trucks

To the Editor:

An Aug. 6 news article reports that Judge Lawrence E. Kahn ruled that New York State can order auto manufacturers to sell thousands of electrically powered vehicles in the state beginning this fall. But the real question is whether he can order customers to buy the cars.

I am old enough to recall the Ward Baking Company electric vehicles delivering their products to grocers in the 1930's. It had nothing to do with environmentalism; it was simply more economical for a truck that did short-haul, stop-and-go driving to be powered by electricity.

The effort should be made to electrify this class of trucks. They contribute a disproportionate amount of pollution with their mode of operation. Why California and New York try to promote the electric vehicle for use by the average motorist defies all reason.

MORTON SOBELL

San Francisco, Aug. 7, 1997

The Times welcomes letters from readers. Letters must include the writer's name, address and telephone number. Those selected may be shortened for space reasons. Fax letters to (212) 556-3622 or send by electronic mail to letters@nytimes.com, or by regular mail to Letters to the Editor, The New York Times, 229 West 43d Street, New York, N.Y. 10036-3939.

Mapping Ulcer Genome Was a Joint Effort

To the Editor:

An Aug. 7 news article quotes Dr. J. Craig Venter of the Institute for Genomic Research as saying of the work on the genome of the ulcer-causing bacterium *Helicobacter pylori*, "we paid for it ourselves and are giving it away for free." It is not that simple. Human Genome Sciences paid for the work as part of a \$10 million-a-year grant.

In addition, we paid the Institute an additional \$200,000 to agree not to make public the data until exclusive rights to the work could be transferred by Human Genome Sciences to OraVax/Pasteur Merieux Connaught, a group of companies, and to provide enough time for it to patent the information, which it did.

Human Genome Sciences and MedImmune, another biotechnology company, will receive upfront license payments and milestone and royalty payments on the sales of vaccines, antibiotics and diagnostic tests that result from their work.

WILLIAM A. HASELTINE

Chief Exec., Human Genome Sciences

Rockville, Md., Aug. 8, 1997

Preserve the Adirondacks With Tax Incentives

To the Editor:

Your Aug. 6 editorial endorsing efforts to preserve Marylou Whitney's property in the Adirondacks notes that one of her motivations for subdividing the property is that "her taxes are substantial." You also note that owners of neighboring property will feel similar pressure to sell, based on rising land values and property taxes.

New York State should reduce or eliminate taxes on this property in exchange for an agreement to pre-

serve the land as wilderness. A contract, backed by legislation, could eliminate one of the major pressures to "develop" and create an incentive to preserve the wilderness, by binding the owners and prospective buyers to repay some or all of the foregone taxes, in the event that future commercial exploitation is contemplated.

LOUIS POPPLER

East Lansing, Mich., Aug. 7, 1997

Conservation Tradition

To the Editor:

Re your Aug. 6 editorial on Marylou Whitney's plan to sell part of her 51,000-acre family estate in the Adirondacks: This country needs a network of wildernesses for the clean water they provide, the wildlife habitat they harbor and the natural laboratories they offer medical researchers. The Adirondacks are a critical part of this network.

The Rockefeller family provided the land for Acadia and Grand Teton National Parks. By selling her land to the public instead of to a luxury-home developer, Mrs. Whitney can be part of an honored American tradition.

BOB PERSCHKE

Boston, Aug. 7, 1997

The writer is northeast regional director of the Wilderness Society.

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In America

BOB HERBERT

Tobacco's Secrets

Joe Camel may be gone and the Marlboro Man may be breathing his last, but those crafty tobacco company executives are as committed as ever to their life's work, which is the spread of their virulent product to as many people on the planet as possible.

So it is heartening to hear that Congress is not likely to act before next year on the proposed settlement between the tobacco companies and state attorneys general. The companies can hardly wait to have the deal approved, which tells you something.

The deal would grant the companies immunity from liability for several decades of miserable behavior even though the full extent of the misbehavior is not yet known. The Attorney General for Minnesota, Hubert H. Humphrey 3d, who opposes the settlement, is sitting on 33 million pages of internal tobacco industry documents that, by court order, have not been made public. Some of the documents are said to contain explosive information on a variety of matters, including efforts by tobacco industry officials to conceal what they knew about the dangers of smoking and to recruit underage smokers. Mr. Humphrey has urged the Senate Judiciary Committee to subpoena the documents.

Eric Johnson, an aide to Mr. Humphrey, said that if Congress and the American public "get their hands on this information, the tobacco deal that's on the table now will be dead."

Simply stated, the interests of the public and the interests of the tobacco industry are in conflict. The tobacco companies want to sell as many cigarettes and make as much money as possible. But when the industry is doing well the inevitable result is that enormous numbers of people are succumbing to lung cancer, throat cancer, emphysema, heart disease and other terrible illnesses.

The tobacco companies have never acknowledged their role in this carnage and have never acted in good faith in their dealings with the many generations of customers they have so assiduously sought.

"The proposal that's on the table now is a sweetheart deal for an outlaw industry," said Mr. Humphrey.

His assessment was echoed by Representative Henry Waxman, a California Democrat and longtime tobacco adversary. "It's a very good deal for the industry," said Mr. Waxman. "They get virtual immunity from liability, which is remarkable for an industry that has lied to the American

people for 40 years. Their corporate conduct has been abysmal. Now they want immunity. And their executives will get a windfall of hundreds of millions of dollars when their stock goes up."

The windfall comment was a reference to a recent report from the Institute for Policy Studies in Wash-

The sweet deal that smells bad.

ington that said a handful of top tobacco executives will likely see a \$200 million increase in the value of their stock options if the current proposal is approved. It has also become clear that the companies plan to cover their collective carcinogenic butts by passing on the allegedly enormous costs of the settlement to consumers in the form of higher cigarette prices. And tobacco lawyers and accountants are already piecing together unconscionable tax schemes designed to reduce the total liability called for in the settlement.

Tobacco companies have a heads-I-win, tails-you-lose approach to negotiating. They are great at it. And they are great at dealing with Congress, which is awash in tobacco cash. There are reasons why tobacco money has flowed for so many years into the pockets of politicians in every part of the country, including such great tobacco-producing regions as Manhattan, Brooklyn and the Bronx.

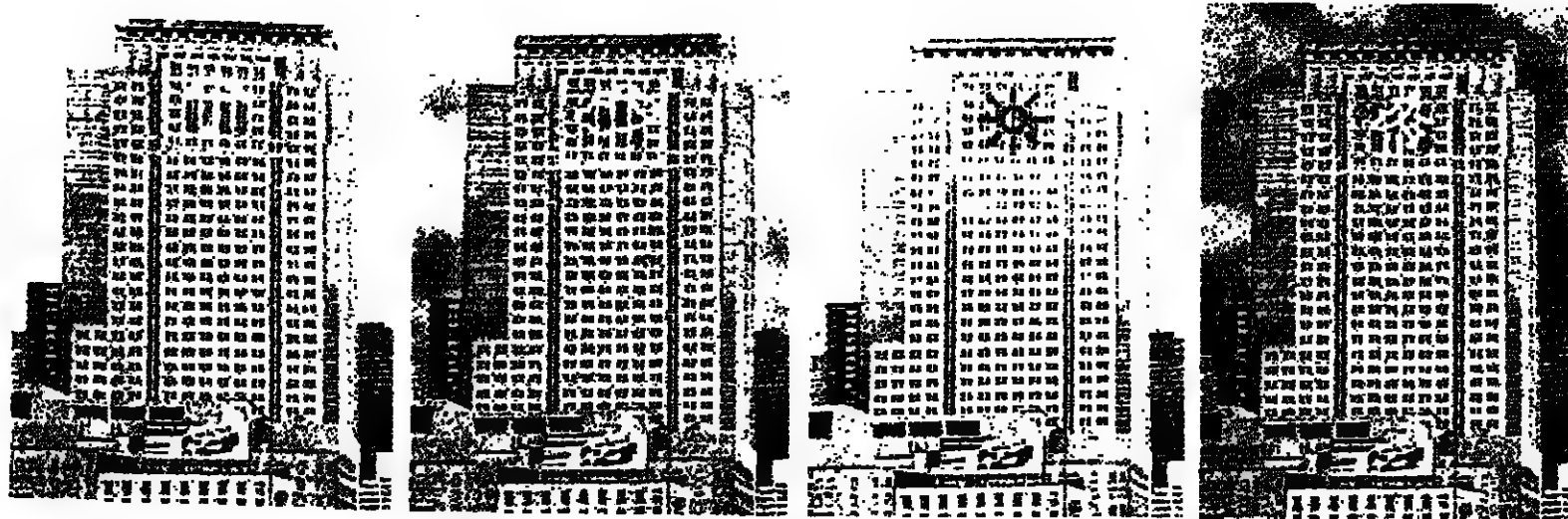
The fix is almost in, but time is not on the side of the industry. What the tobacco companies fear more than anything is that their carefully concealed account of their own sins, their internal record of their deliberate and sinister corporate deeds, will somehow be dragged into the light of day.

That is exactly what needs to happen. As Congressman Waxman asserted, it makes no sense to consider immunity before that account is made known. You don't make a decision on whether to offer amnesty before you know what really happened.

Mr. Humphrey has two huge repositories of tobacco industry documents, and he will likely soon have more. If Congress is interested in the truth about tobacco, it will have a look at that historic trove.

Op-Art

TIBOR KALMAN



Wait a minute. We could use that umbrella. Sure, it's the logo of the Travelers Group insurance company. It went up last spring on the north side of 388 Greenwich St. in Tribeca, and people in the neighborhood and Greenwich Village complained. They said the neon umbrella ruined their views of downtown Manhattan.

But when it rains in New York, we need an umbrella. And when it's going to be sunny or snowing we'd like to know that. So maybe the price of admission to our skyline is that logos be useful to New Yorkers, not just corporations. We could use the Apple logo when apples are in season, and it could become other fruits in other seasons: a tangerine in winter, or a

Tibor Kalman is a designer in New York City.

cherry in June. Ralph Lauren's polo player could announce the baseball, football and basketball seasons.

These signs won't suddenly appear in our midst, because a new law requires New York City to take a tougher look at plans to put up logos. We already have advertisements on buildings, phone booths, taxis and bus shelters, and mobile billboards. Soon we may see three-dimensional holographic ads in Central Park. What ad-free space we have left must be protected.

Some areas, like Times Square, are well suited to and even improved by advertising. But we deserve peaceful exceptions. Our skyline is a treasure. We should preserve it like a redwood forest.

It's Wrong to Demonize China

By Jimmy Carter

ATLANTA I spent the spring of 1949 in the seaports of China as a young naval officer on my first submarine cruise. Nearly 30 years later, Deng Xiaoping and I normalized diplomatic relations between our countries. We knew that even with this opening, decades of patience and persistence would be required before the bonds between our greatly different countries would be firm and predictable. I consider sound Sino-American relations, along with the importance of maintaining human rights as a foundation of American foreign policy, to be legacies of my Administration. These two goals are not incompatible, but can be reached only if we try to understand each other.

Americans have benefited from the unprecedented stability and prosperity in the Asia-Pacific region made possible by close ties among the United States, China and Japan. But the greatest beneficiaries have been the Chinese people, whose quality of life and human rights have improved enormously during the last two decades.

Both China and the United States continue to share many interests: maintaining peace and stability in the Asia-Pacific region, controlling weapons of mass destruction, preventing conflict on the Korean peninsula and fostering open trade. Unfortunately, many Americans and Chinese have lost sight of the original vision that brought us together. Ill-informed commentators in both countries have cast the other side as a villain and have even forecast inevitable confrontation between the two nations. The accomplishments of a quarter century are at risk.

Since my Presidency, I have been to China periodically to discuss world

Jimmy Carter, the 39th President of the United States, is chairman of the nonprofit Carter Center.

and domestic affairs and to visit rural areas. On my latest trip last month, I met with President Jiang Zemin, Prime Minister Li Peng, the chairman of the National People's Congress, Qiao Shi, and other leaders. They expressed concern that our leaders are encouraging Japanese rearmament and extending Japan's defense perimeter to include Taiwan. They also deeply resent American sales of F-16 jet fighters and other weaponry to Taiwan, saying that these deals seem to violate pledges made to them by Presidents Richard Nixon and Ronald Reagan and me. We also discussed America's concerns, including the mounting trade deficit, human rights and particularly the treatment of the Tibetan people.

Mutual criticism is proper. But arrogance is not.

Mutual criticisms are proper and necessary, but should not be offered in an arrogant or self-righteous way, and each of us should acknowledge improvements made by the other.

Significant changes are taking place throughout China. There is no longer a single unquestioned government policy. Instead, China's top leaders have a wide range of opinions on such issues as the role of parliaments, expansion of the election process and privatization. Since normalization, an increasingly free economic system has transformed the lives of Chinese people. Farmers now retain profits on practically all crops planted on their land, and many villagers own their own businesses. Income and educational opportunities have also risen sharply.

Although congregations must still register with the Government, membership in Christian churches is booming. The pastor of the church we

attended in Shandong Province knew of only 200 believers in his rural county after the Cultural Revolution, and they had no churches or Bibles. There are now 15 congregations in 11 churches, 3,000 members have been baptized, and Bibles are distributed freely.

A 1987 law mandates elections in nearly a million villages. Citizens can choose among multiple candidates, including those who are not members of the Communist Party, in a secret ballot, and many nonparty members have been chosen as village leaders. The Carter Center has observed some of these contests. Arbitrary power is still exerted by some political leaders, but progress is being made in promoting the rule of law. Some citizens are even bringing lawsuits against government agencies that violate their rights.

Citizens are more free to move from one place to another, and the nation has been opened to outside interests and influence. Until 1985, no outsiders were permitted to enter the rural county we visited; now village leaders are trying to expand their 45 joint ventures with foreigners.

President Jiang's long overdue state visit to Washington in October — the first by a Chinese leader in 10 years — will provide an opportunity to address human rights and other issues.

American criticisms of China's human rights abuses are justified, but their basis is not well understood. Westerners emphasize personal freedoms, while a stable government and a unified nation are paramount to the Chinese. This means that policies are shaped by fear of chaos from unrestrained dissidents or fear of China's fragmentation by an independent Taiwan or Tibet. The result is excessive punishment of outspoken dissidents and unwarranted domination of Tibetans.

But frank discussions on these and other issues can sometimes yield real progress. In private discussions in 1979, Deng Xiaoping agreed to address the issue of religious freedom, and great improvements were made.

In 1987, after a visit I made to Tibet, and after subsequent conversations with the exiled Dalai Lama, discussions were arranged between his emissaries and Chinese Government officials. Unfortunately, the Tiananmen Square tragedy aborted the initiative.

In spite of our differences, China and the United States must continue to pursue ways to co-exist peacefully and productively. In addition to summit meetings, ordinary Americans and Chinese can help. For example, more than 100,000 Chinese students have attended American universities since 1979, providing an invaluable cultural and intellectual exchange for both countries.

Only through continued dialogue at many levels can we resolve differences and build a foundation for better understanding.

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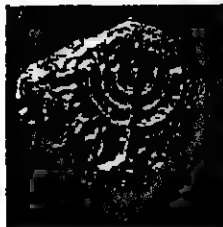
SILVER SHEKEL of Israel, issued 66-70 C.E., decorated with 3 pomegranates and the inscription "JERUSALEM THE HOLY."



SILVER DINAR, minted during Bar Kochba war 135 C.E., with the inscription "FREEDOM FOR JERUSALEM."



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Pennies From Heaven

By Cynthia Kaplan

THE news came in over the wire service with cosmic simultaneity: Astronomers at Pasadena's Jet Propulsion Laboratory have discovered seven asteroids and one four-meter piece of Skylab that may, at this moment, be hurtling toward Earth at the speed of asteroids, and the American Numismatic Association has announced that it is releasing 10 rare coins into circulation in New York City in an effort to promote interest in coin collecting.

Because of the virtually unprecedented coincidental nature of these reports, and because it is our job, we here at the It Could Happen But It's Not Likely Center in Pueblo, Colo., will try to predict, in strict mathematical terms, the likelihood that a person will be struck by an asteroid while holding a 1914 Lincoln penny with a D mark.

Our calculations will take into account all available data on both asteroid detection and coin collecting, as well as a myriad of seemingly unrelated statistics. For example, we will compare the likelihood of Karen Finley's ever again receiving an

Cynthia Kaplan is an actress and writer in New York.

N.E.A. grant with the probability that, in our lifetime, Queen Elizabeth will swim the English Channel. We will evaluate Roger Clinton's prospects of becoming a member of the band R.E.M. We will discuss as candidly as possible and without prejudice whether the hobby of coin collecting is really any fun at all.

We will conduct countless interviews with everyone from the Mayor

The unbearable improbability of being.

of New York to a guy we know, Busty Linfiro, who carves replicas of the 18th-century sloop My Mistress, the Sea, out of soapstone and who is known to possess a wool cardigan with buffalo nickel buttons. We will spend many long and sleepless nights drinking Chardonnay and blubbering over the impossibility of it all.

We will empty our pockets of change in the hopes that one of those precious D pennies has turned up because they're worth \$80 apiece.

And finally, we will burrow like prairie dogs into the deep, dark crater

of asteroid history. Not including the 150-foot meteorite responsible for the Arizona Crater, so called because it is somewhere in Arizona and because no one can remember its real name, the Barringer Crater, or the 300-foot jumbo that cut a swath through a Russian forest, the last truly devastating asteroid to hit Earth was the terrible and loathsome "Biggy," responsible for the extinction of the dinosaurs some 65 million years ago. Happily, though, there is some evidence that the Tyrannosaurus rex may have developed a type of barter system, and there is a belief currently under evaluation in some scientific quarters that one group of T-rexes may, in fact, have perished while in the process of some sort of monetary exchange.

All of us here at the I.C.H.B.I.N.L. Center are hard at work on these and many other probability issues. If you are wondering what your chances are of falling into an open manhole while wearing a fez and humming Copland's "Appalachian Spring," we'll let you know. If you ought to contemplate remaining in your room at the Beverly Hills Hotel on Tuesdays so as to avoid an attack by a rabid lemur, you'll hear from us. And if you find yourself holding a 1914 Lincoln penny with a D mark on the corner of Broadway and Houston and you look up in the sky and see an asteroid heading your way, don't say we didn't warn you.

THE ARTS

Stallone Seeks a Serious Turn for the Better

By TRIP GABRIEL

LIKE ALMOST ALL MOVIE stars, Sylvester Stallone has an identity that is cemented in the public mind—in his case, a hero of rippling physique who is able to repulse light rocket attacks before breakfast.

Fans generally don't want their heroes, fantasy lovers or favorite cut-ups to metamorphose into different types, and most stars don't have the versatility to pull it off anyway. But what happens when a star's tried-and-true persona starts to fail? In recent years, Mr. Stallone has turned out a string of action movies—"The Specialist," "Assassins," "Judge Dredd" and "Daylight"—that died at the box office and, more gravely, failed to stir viewers' passions. Very few moviegoers talked up these films the day after—if, indeed, they remembered them at all.

"I always thought he was a terrific actor who's made some bad choices," said Harvey Weinstein, chairman of Miramax Films, the company known for actor-driven dramas like "The English Patient." Now, Miramax is producing the movie that Mr. Stallone hopes will give him a new lease on life, "Cop Land," a modestly budgeted police drama that opens on Friday. In it, he is cast against type and supported by such actors-with-a-capital-A as Robert De Niro and Harvey Keitel.

Mr. Stallone, speaking one day recently in his grand home here, described "Cop Land" for which he gave up his usual \$20 million fee and agreed to work for scale, as "a cleansing and a purging, and a reawakening of my interest in making movies."

Instead of portraying a one-man avenging army, Mr. Stallone, 50, plays Freddy Heflin, the meek, hearing-impaired sheriff of Garrison, a small town in New Jersey. Garrison is populated by commuting New York City police officers, whom Heflin idolizes until he learns that they are corrupt; then he must choose between protecting the bullying cops and enforcing the law.

As a sign of his willingness to break dramatically with the past, Mr. Stallone even laid off pumping iron—the method he had used for years to hone his hypermasculine image—and packed on 39 pounds.

"Sly when he's lean has such a heroic visage, and I didn't want that," said James Mangold, the 33-year-old writer and director of "Cop Land." "I wanted to shoot a close-up of his face and feel Lays potato chips, feel McDonald's. I wanted to

feel a normal American face.

"I knew when I went back and looked at 'Rocky,' I was looking at a real face that embodied and felt like it came from the world."

"Rocky" seems a kind of touchstone to all involved with "Cop Land," not because of any plot similarities but because of Mr. Stallone's soulful portrayal of a bull-necked underdog in the 1976 classic, which won the Oscar for best picture. The director of "Cop Land," and the star himself, aimed for a quiet, understated performance meant to recall the struggling outsider of 20 years ago rather than the triumphant Stallone of the "Rambo" and "Cobra" period in the 1980's.

Mr. Stallone may have been happy to embody a regular guy again for the film, but you'd never know it from the over-the-top décor of his Miami digs, where he lives with his wife, the model Jennifer Flavin, and their infant daughter, Sophia Rose. In the living room, where Mr. Stallone sat on a couch fit for a courtier to Louis XVI, the end tables were covered by velvet throws with gold tassels. Behind him there was a life-size bronze of a discus thrower and another sculpture of a bobcat in a death struggle with a lizard. The paintings, including a Bouguereau, were all 19th-century heroic realism, with bare-breasted women and suckling cherubs.

Mr. Stallone spoke in his familiar deep, slow, rumbling voice. But contrary to his universally recognized screen image, there was nothing slow-witted or intimidating about him. He was articulate and almost shy, with a disarming sense of humor.

He recalled how quitting his weight-lifting workouts to play the out-of-shape Freddy Heflin had forced him into psychological territory that was not easy to visit.

"It becomes as addicting as any kind of drug," he said of pumping iron to perfect the look of an action star. "Narcissism is as lethal a phenomenon as you can imagine. It taps into one's psyche and insecurities. As your body or the drugs wear off and you cannot maintain that superstar status, you begin to lose all self-esteem, all sense of presence."

Mr. Stallone learned that without his muscles, a kind of emotional armor, he was a different person. "You begin to feel what it's like to walk into a room and not make waves," he said.

"Cop Land" is not the first film in which Mr. Stallone has tried to revise his image and broaden his acting range, but he is hoping that it will be more successful than earlier stabs. In 1984 he sang country tunes with Dolly Parton in "Rhinestone," and



Sylvester Stallone, right, with Robert De Niro in "Cop Land" — To get out of shape for his untypical role, the action hero stopped pumping iron.

not even the most die-hard fans of the Grand Ole Opry asked for "Rhinestone II." In 1991 he tried comedy in "Stop! Or My Mom Will Shoot," a film he later called "horrible on every level."

After each failed venture into a new genre, he quickly returned to action roles. In the 90's, however, even those movies have been largely disappointments. His latest, "Daylight," a conventional disaster epic set in a traffic tunnel, cost \$90 million but didn't come close to earning that much back when it was released last December.

American audiences have wearied of action heroes whose prowess is based on their physique, said Alan Marshall, a producer of "Cliffhanger," the 1993 movie that is Mr. Stallone's one successful role in the action genre in recent years. In their place have risen heroes played by the likes of Mr. Travolta, Nicolas Cage and Tommy Lee Jones, who rely on quirky characterizations rather than blunt force.

"I hate to use the word intelligence, but there is, I think, a move toward people who have more than a few lines to deliver each time," Mr. Marshall said.

In a surprising admission at the Cannes International Film Festival in May, Mr. Stallone said, "I despise the last 10 years."

At home in Miami, he elaborated. His recent films, he admitted, had often left no more lasting impression on him than they did on members of the audience. "I like to be able to remember the movie longer than the time it takes to get to my car," he said ruefully.

In Mr. Stallone's mind, there is a link between his decade-long run of disappointing movies and the impetuous, chaotic private life he was

leading. Mr. Stallone's relationship with Ms. Flavin has been off and on for nine years. He once broke up with her by Federal Express letter.

"There was a period where I was going through of complete irresponsibility," Mr. Stallone said. "I was almost coveting that I wasn't an insidious human being, but I was feeling, creatively, I didn't nearly live up to what I had done 10 years earlier."

Now, Mr. Stallone maintains that he has regained a sense of responsibility. He married Ms. Flavin, 28, on May 17 in London. Nine months earlier, she had given birth to their daughter, who then at 3 months underwent successful heart surgery. "Jenn proved that she really loved

me," Mr. Stallone said. "After the situation with my daughter, and Jennifer having lived through everything, and her ability to forgive, which is almost of biblical proportions, I thought, it doesn't get any better."

Still, Mr. Stallone's commitment to a new image goes only so far. He quickly shed the weight he gained for "Cop Land" and has resumed working out three days a week in his two home gyms.

At one moment Mr. Stallone's expectations for "Cop Land" sound grand, but at others they are far more modest. "I don't expect to be rediscovered," he said. "The days of becoming hot are over. If you've been around for 20 years, you don't get hot." □

A Young London Playwright Full of Old Irish Voices

LONDON

NINETY YEARS AGO, the Abbey Theater in Dublin presented a play in which a young vagrant called Christy Mahon was fated as a hero by Irish villagers because they believed he had bashed in his father's brains with a hoe.

His hosts were more than satisfied with his explanation, which was simply that the old man was dirty and grumpy, "the way I couldn't put up with him at all." They were untroubled by their obligations to a church that regarded patricide as mortal sin. In fact, the local publican promptly hired Christy to guard his daughter, declaring "by the grace of God, herself will be safe this night, with a man killed his father holding

pans has just brought his Leenane Trilogy to the West End after a highly successful run back home, and his "Cripple of Inishmaan" has just won a transfer from the tiny Cottesloe auditorium to the much larger Lyttelton at the National Theater.

Yet all these plays bring Synge's descendants. Together, they have established Mr. McDonagh as the most wickedly funny, brilliantly abrasive young dramatist on either side of the Irish Sea.

Young? Actually, Mr. McDonagh is a mere 27, which is nine years younger than Synge when he wrote "Playboy" and an astonishing age at which to have four plays running simultaneously at upscale addresses in the British capital.

Mr. McDonagh is also a Londoner, though his parents come from Galway and he has often paid visits there. That helps to explain the mixture of sly detachment and rueful familiarity he is able to bring both to the Leenane Trilogy, which is set in Connemara today, and to "The Cripple of Inishmaan," which occurs still farther west in 1934. Cumulatively, the plays leave you feeling that the unfolding 20th century has brought only surface change to the Irish outback. Cumulatively, they suggest that religion and conventional morality play about as strong a part in ordinary rural lives as the Roman Catholic Catechism does among the cargo-cultists of New Guinea.

Throughout the Leenane Trilogy—now at the Royal Court Theater's West End home, the Duke of York's, through Sept. 13—a spotlighted crucifix teases the eye. It hangs behind and above the series of dingy, primitive rooms in which the characters gossip, drink moonshine, quarrel and do what they can to banish boredom and forget the rain pelting down outside.

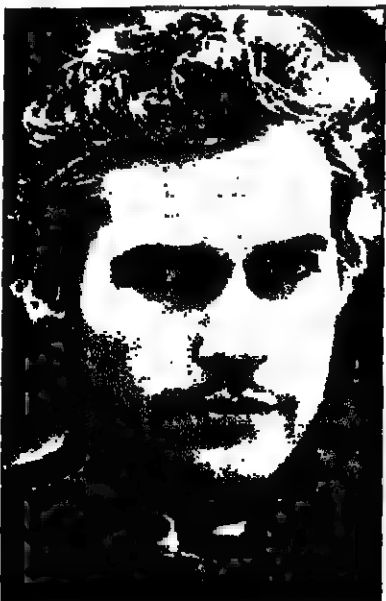
That's the way the director, Garry Hynes, and the designer, Francis O'Connor, emphasize the gulf between Christian claim and pagan reality in the village of the title. But they need not have bothered, for Leenane obsessively exposes its own endemic amorality. "It seems like God has no jurisdiction in this town, no jurisdiction at all," says the local priest, who has been driven to drink

and despair by months spent hearing cozy confessions about "impure thoughts" from folk who would blithely break all Ten Commandments at once.

Leenane boasts two, maybe three murderers among what can only be a population of a few hundred. None of them gets caught, let alone convicted, which is perhaps why two representatives of order and decency drown themselves in the local lake in the course of the trilogy. Lesser acts of violence include plunging an old lady's hands into boiling fat, beating and half-strangling a man hurt in a car crash and doing menacing things with deadly weapons. But virtually nobody, not even the victims, seems to regard such brutalities as particularly wrong or especially abnormal.

This is a community where the serious has become trivial, the trivial serious. It's kicking someone else's cow or cutting the ears off his dog that causes grudges and feuds lasting generations. "When I see them burned in hell I'll let bygones be bygones and not before," snarls an old woman in the trilogy's second play, "A Skull in Connemara." And the offense of her three foes? Twenty-seven years earlier, when they were five years old, she caught them urinating in the churchyard, and, when she threatened to tell the priest, they called her "a fat old biddy."

The first play, "The Beauty Queen of Leenane," may come to New York in the fall—and with good reason. When the Royal Court staged its premiere last year, all the London critics admired Mr. McDonagh's precocious dramatic skills, as well as the punch he brought to his subject, the destructive symbiosis between a possessive mother and her frustrated and sometimes sadistic daughter. Once again, Marie Mullen plays pale, pinched Maureen, forlornly hoping her hopeless hopes, and once again, Anna Manahan's Mag waddles about like an old bunched toad, wheedling and whining and emptying her chamber pot into the kitchen sink. The acting is still superlative; but then Ms. Hynes, who stages the trilogy with admirable economy and lack of show, gets emotionally powerful yet funny performances from all her performers.



Playwright Martin McDonagh

danger from the door."

By such means did John Millington Synge's "Playboy of the Western World" reduce its first audience into a mad, screaming mob, enraged by what they regarded as a libel on the Irish peasantry and Ireland itself.

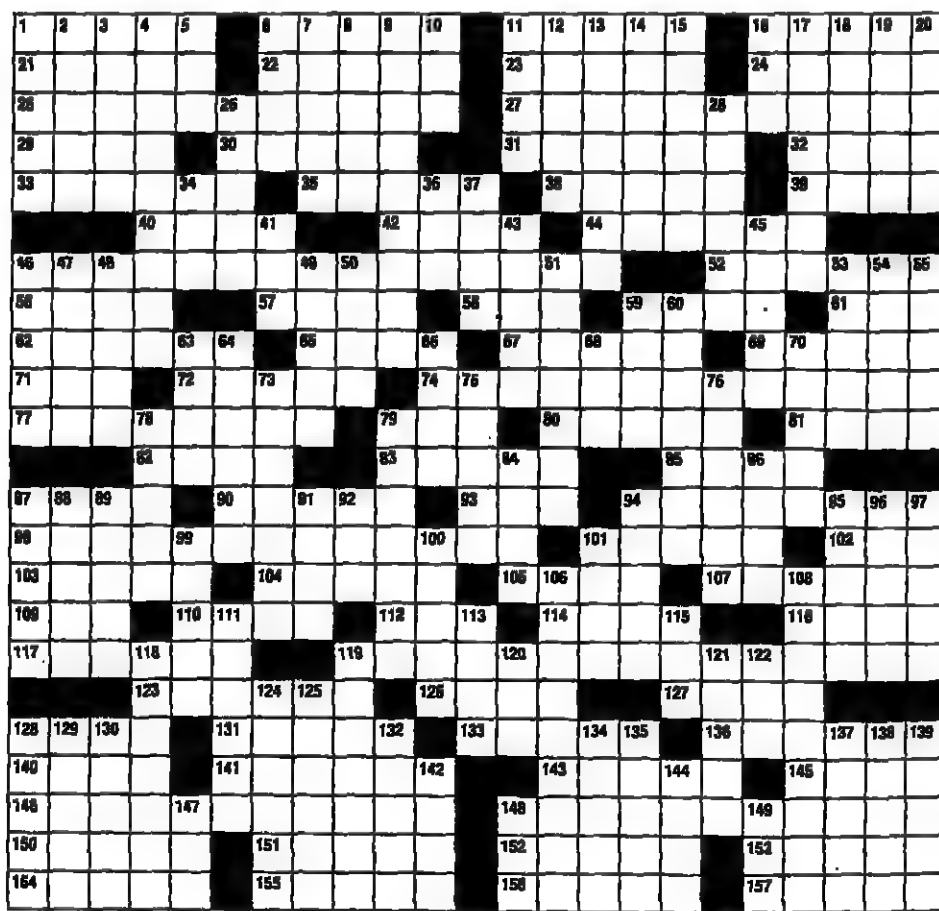
Martin McDonagh has yet to provoke riots, either in Ireland or among the London Irish. Indeed, the Galway-based Druid Theater Com-

MIXED GREENS

BY NANCY NICHOLSON JOLINE / EDITED BY WILL SHORTZ

ACROSS

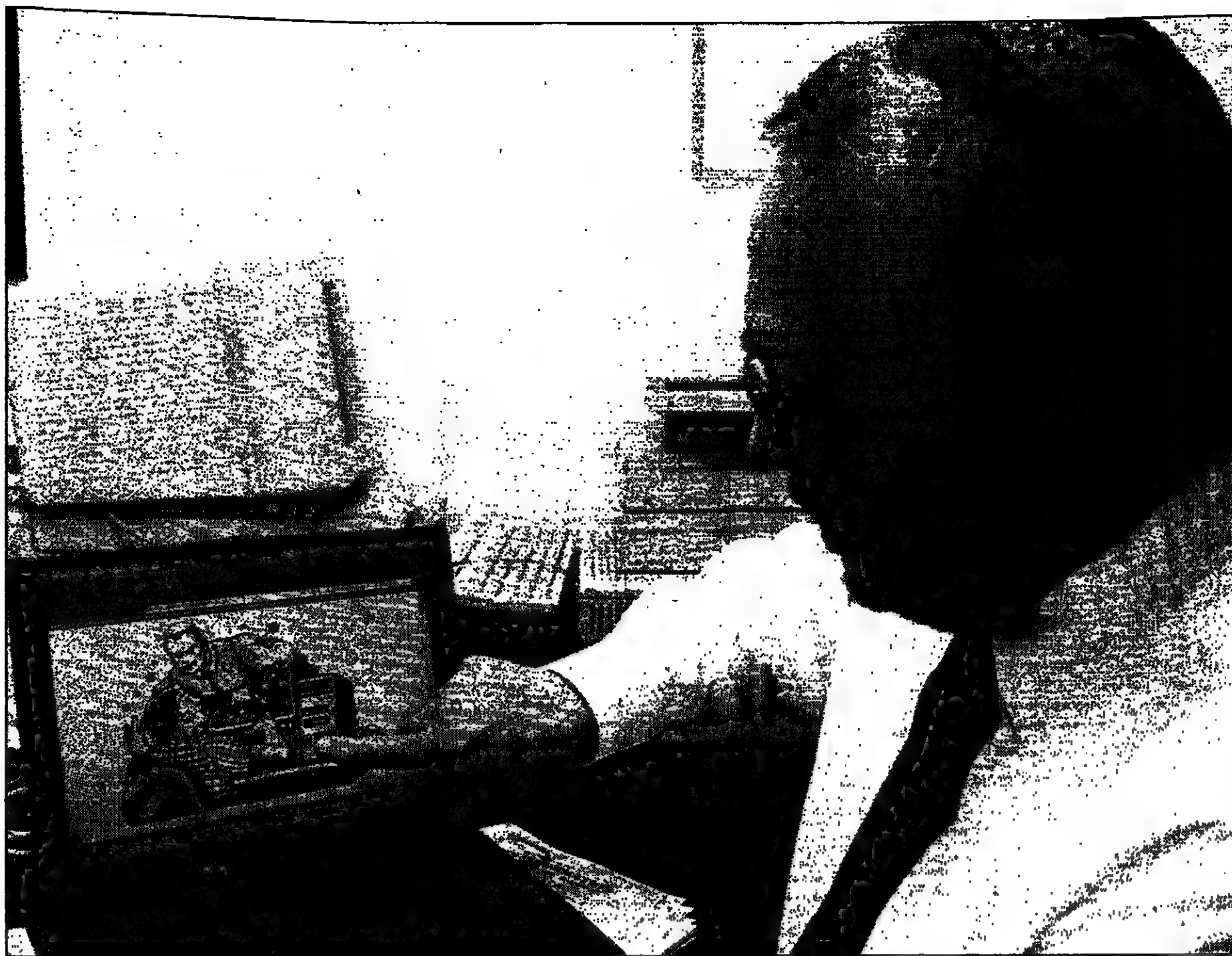
- 1 Buzzing
- 5 Billiard stroke
- 11 Name in computer software
- 16 Hinder
- 21 Oscar Madison's secretary
- 22 Hero of the first opera written for TV
- 23 Ain't right?
- 24 Lead
- 25 GREEN
- 27 GREEN
- 29 Bank deposit
- 30 Keep for oneself
- 31 Concert finale
- 32 League
- 33 Kansas city
- 35 Riders' chief
- 36 Subjects of modern mapping
- 39 Brit's partner
- 40 V-chips block it
- 42 Column couple
- 44 Trojan War figure
- 46 GREEN
- 52 Corsair and Citation, for two
- 56 —a porter
- 57 Feature of Roy Lichtenstein's art
- 58 Genealogist's abbr.
- 59 Eastern attire
- 61 Di's partner
- 62 Come to
- 65 Kind of testing
- 67 Novaro of silents
- 69 City on the Mohawk
- 71 Jimmy Dorsey's "Mine"
- 72 Watering holes
- 74 GREEN
- 77 GREEN
- 79 George —
- 80 Stretch
- 81 Colleen
- 82 Detergent
- 83 French toast
- 84 puny
- 85 Easily handled, as a ship
- 87 Lhasa —
- 90 Beethoven's "Choral" Symphony
- 93 Service station
- 94 GREEN
- 96 GREEN
- 101 Commencement
- 102 Voyage precursor
- 103 1993 N.B.A. Rookie of the Year
- 104 "Forget it!"
- 105 Where firings take place on a daily basis
- 107 Spicy stew
- 109 Mineral suffix
- 110 Gospels follower
- 112 Commuters' ways
- 114 Financial aid criterion
- 116 Dexterity
- 117 What some fans do
- 119 GREEN
- 123 Smoking container
- 126 Foam at the mouth
- 127 Petitions
- 128 Pulitzer dramatist
- 131 Ancient city in
- 132 Food item usually picked wild
- 136 Abases
- 140 Jerusalem's Mosque of —



- 141 Aristocracies
- 143 Arm
- 145 Granada greeting
- 146 GREEN
- 148 GREEN
- 150 Reason for
- 55-Down's rebellion
- 151 Underground worker
- 152 Petitions
- 153 Math measurements
- 154 Blackthorn fruits
- 155 Colonel's insignia
- 156 Digression
- 157 To wit: Lat.
- 1 Down
- 1 Out of place
- 2 Aleppo's land
- 3 Coloratura's specialty
- 4 Provokes
- 5 Bowl sound
- 6 County in NW Ireland
- 7 City once called Philadelphia
- 8 One born on a kibbutz
- 9 Most likely to collapse
- 10 Annex
- 11 Victoria, e.g.
- 12 Rubber gasket
- 13 With 15-Down, some chains
- 14 Outfoxed
- 15 See 13-Down
- 16 Newt
- 17 Costly sweaters
- 18 Say suddenly
- 19 Target
- 20 1955 film robot offering
- 26 Lewis of children's TV
- 26 Rankle
- 34 Go-ahead
- 36 Takeoff, approx.
- 37 The Lone Ranger's real identity
- 41 It may be living or dead
- 43 She's still with Still
- 45 Ignominy
- 46 Squarably
- 47 —Detoo
- 48 Some Balts
- 49 Lonesome George of fairy TV
- 50 Address nos.
- 51 Shades
- 53 Woman on TV's "Ab Fab"
- 54 They're fit to be tied
- 55 1786 Springfield insurrectionist
- 59 Lounge
- 60 Assumed names
- 61 Off
- 64 Vietnamese port
- 66 Populous place
- 68 Team V.I.P.: Abbr.
- 70 Flat sign
- 73 Discerning
- 76 Shoptalk
- 78 Hole enlarger
- 79 Shipmate of Starbuck
- 84 Panzer
- 86 —tat
- 87 French 101 verb
- 88 It's spotted in westerns
- 89 Driving hazard
- 91 Sgt., e.g.
- 92 Service station
- 94 Private
- 95 Sub
- 96 Rally
- 97 Record
- 99 Winged
- 100 Film used for recording tapes
- 101 Dairy aisle buy
- 106 Bush leaguers
- 108 Advances
- 111 Tail player
- 113 Sting
- 115 Pat
- 118 Grow together
- 119 Babbling
- 120 Id moderator
- 121 Pasta go-with
- 122 "Yuck!"
- 124 Banned Wilde drama
- 125 Desdemona's faithful servant
- 126 Shapes
- 129 Film director Jon
- 130 Sky character
- 132 Celebrate
- 134 Name in Chinese politics
- 135 Actor Christopher
- 137 The world according to Arp
- 138 Object of frequent sightings
- 139 —Isn't So (Hall & Oates hit)
- 142 Desecrated
- 144 Language that gave us the word "whisky"
- 147 U.S.A. fore-runner
- 148 Tax pro
- 149 Calendar abbr.

ANSWER TO PREVIOUS PUZZLE

SHAPED PINPLES HAITAI
CENTRE OCARTIA AUBURN
OXTAIL VERELIVINGINIAN
TIE CELES SEU EDAR
TINCA TELEGRAM PARES
AGNEWHELEONADEISMAD
DEEDS RACY ADD LAY
REIN BVE SLAVE
TANG OAK RITA SECEDES
WITHARTIFICIAL VEX
ADS ALFREDELMAN BRE
PROFINDIENTSAND
REGIONS DEUS STS TKOS
OCEAN HAS GOES
ORO ROI OLAV CHARD
FURNITUREPOTISHISHADE
GOBEL ASSENTED SLOB
LESE DAR TAXIS APP
WITHREALLEMONS NESSI
HOTOTIL PAROLEE GASKET
ONEWAY OPERERS SHEARS



Welcome to Cyberhate: Rabbi Abraham Cooper of the Simon Wiesenthal Center demonstrates an antisemitic site on the Web.

(Brian Hendler)

Weaving a web of hatred

At first, the on-line version of the computer game "Wolfenstein" looks like many other action games aimed at young Web-surfers. The goal: get yourself out from behind Nazi lines. The switch comes, however, in your first confrontation with guards. Look a little closer and you notice they have *pevor*. Shoot them down and you might lock them up in one of several "Jew Pens" you pass.

Welcome to Cyberhate. This corrupted version of the original Wolfenstein was eventually removed from the Net, but according to Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center, which has taken the lead in fighting such sites, antisemitism, skinheads, and some alternative music bands are weaving their own web of on-line hatred, posing a serious challenge to Jewish and other groups fighting such phenomena.

The game also features items of particular interest to hate-group members, such as a target featuring the picture of "Traitor Elise Hagigan," a woman who recently left one such movement in Canada. "This game is particularly insidious," says Cooper, who demonstrated some of the sites for the Knesset subcommittee on antisemitism and xenophobia, at the initiative of MKs Tzvi Weinberg and Avner Shalev.

But the hate sites on the Web are hardly limited to child's play. A click on Whitepower.com's site links you to the Racial Holy War Kitchen where, according to that Web page, "you will find instructions, ingredients and even diagrams on how to make all sorts of bombs, explosives, and weapons, all made from easily obtainable materials." A disclaimer, found often in such sites, states that "This is of course for educational purposes and not intended to be used for any 'revolutionary' or 'vigilante' actions."

One antisemitic site includes a disclaimer stating that "Regardless of how it is perceived, the intent of this project is not to defame the Jewish people but to urge Gentile emulation of Jewish activism in pursuit of an American agenda."

The Micetap Holy War Table of Contents, also available by a link, lists chemicals needed for making bombs and where to get them. An exact recipe for making the double pipe bomb that exploded at the Atlanta Olympics can be found on such a page, Cooper explains.

"These sites on the Web are basically free-floating ads," says Cooper. "That's one of the reasons why in the last six months, the phenomenon has almost doubled. For anyone who is concerned about monitoring antisemitism or promoting tolerance, the Internet is a tremendous challenge."

WHO'S BEHIND the sites?

Holocaust deniers, neo-Nazi skinheads and other hate-mongers are turning the Internet into a breeding ground of racism and antisemitism, Aryeh Dean Cohen reports

Anyone from veteran antisemites and Holocaust deniers like Toronto's Ernst Zundel — who's

More material can be downloaded in 20 minutes than hate-mongers like Gary Lauck dumped into Germany in 20 years.

set to offer his revisionist video documentary shot at Auschwitz over the Net — to Ahmed Rahmi, who once read *Mein Kampf* over Swedish public radio until he was stopped. Now Rahmi spews his bigotry via the Net, specifically on a site called Radio Islam which, among other offerings, makes available a download of the *Protocols of the Elders of Zion* in several different languages.

Other sites take a more subtle approach. Resistance Records won't be found, as Cooper explains, "listed under 'Nazi' or 'neo-Nazi.' You'll find it listed under 'alternative music,' weaved right into the kind of stuff that teenagers love to listen to."

Resistance Records is run by 26-year-old Canadian George Burdi, whose knack for what sells has allowed him to vend 50,000 albums via the site. "It's all racist, all the time," quips Cooper, explaining how the site allows youngsters to download clips from antisemitic and hate rock groups like the UK's Screwdriver. Albums obtained from Resistance Records were found among the possessions of a white soldier who killed a black couple outside a Fort Bragg base in November 1995, Cooper says.

The development of the technology also means that distribution of hate material is no longer limited to a occasional appearances in a few hundred poorly illustrated newspapers. With speedy modems, more material can be downloaded in 20 minutes than hate-mongers like Gary Lauck dumped into Germany in 20 years, says Cooper. Graphics programs also help the hate-mongers. "Now there is software that allows you to make your stuff look as pretty and,

more importantly, as serious as anyone else's. The Flat Earth Society can look better than Carl Sagan," he says.

Don Black's Stormfront.com is a case in point. Black took over the Ku Klux Klan after David Duke entered politics. His site features a fluttering American flag and skinhead-style combat boots. It has allowed Black to go "from an overt, open racist in Louisiana to being a kind of cheerleader for the online stuff," says Cooper. Links take surfers from South African hate groups to a site featuring the work of William Pierce, whose racist novel inspired Oklahoma City bomber Timothy McVeigh.

Violently antisemitic humor is also available on the Web, particularly at the Jewish Joke Center, one of the links provided by Whitepower.com. The site features caricatures of Jews that would rival those in *Der Stürmer*. A series of jokes includes ones like "What do Jews and apples have in common? They both look

good hanging from a tree." Many hate groups exploit US laws protecting freedom of speech

A click on Whitepower.com's site links you to the racial Holy War Kitchen where you will find instructions on how to make bombs.

to disseminate hate material on the Web in their home countries. Cooper says current efforts are focusing on convincing Web service providers to set their own

standards and reject approaches by hate groups to run their material. He argues that the Web is similar to a form of broadcasting or publishing, where standards are set for what is acceptable. "If it smells and sounds like broadcasting, there are moves about broadcasting. If it's like publishing, there are rules about publishing," he says.

The Wiesenthal Center is currently making a massive effort to monitor the sites. Its own page, at www.wiesenthal.com, allows youngsters to get in touch with Tom Leyden, a former neo-Nazi who walked into the center's office one morning and turned over invaluable information about the workings of such groups. He is now a regular target on hate-group Web sites.

"The question has always been is it going to be technology serving man, or man serving technology?" says Cooper of the challenge ahead. "This is the most powerful tool ever available, and what we're trying to do — especially in the States — is to get people who are deeply involved and enamored with promoting the technology to take a step back and say, 'Fine, it's great technology; technology is neutral.' Don't throw away a society's mores and say everything's free speech. Even the most liberal interpretation of free speech has never allowed this stuff to go unchallenged."

Home Front

A womb of one's own

By Allison Kaplan Sommer

Don't get me wrong. I'm thrilled that the first surrogate mother in Israel's history is currently pregnant with twins. It's wonderful that she is doing this on behalf of a long-suffering woman who has endured eight miscarriages. Although the practice of surrogacy can be a bit awkward and tricky, I'm all for it, particularly in a country where domestic adoption is close to impossible, and trekking around the world in search of a foreign baby to adopt runs into the tens of thousands of dollars. And even when a foreign adoption goes smoothly, the problems don't stop there. The issue of converting the children to Judaism

may I can only keep down crackers and lemonade and walk around with an annoying blend of hunger and nausea. Fifty shekels for every sleepless night due to being utterly unable to find a comfortable sleeping position and constant trips to the bathroom. Twenty-five shekels for every unpleasant remark heard in early pregnancy when people don't know I am pregnant and remark how tired I look and haven't I put on some weight? Seventy-five shekels for every friend and relative alienated during hormonal mood swings. A thousand shekels for each summer month in which late pregnancy takes place.

We're talking about a process that transforms your entire being, mind, body and soul

has become a complicated issue, a political hot potato, and a source of heartache for many families.

So I truly believe that the advantages of surrogacy outweigh the difficulties. It's just that personally, I don't think I could ever be a surrogate mother. It sounds like a fair enough deal on the surface. You receive sufficient money to cover your basic expenses for nine months, complete medical care, and adequate compensation for doing your "job" of carrying the fetus to term: the renting out of your womb.

The problem is, that those of us who have been there and done that know that we're not talking about renting out a womb, we're talking about a process that transforms your entire being, mind, body and soul. It's not a normal job — it's utterly unpredictable. Sometimes being pregnant feels as natural as breathing, and sometimes it feels as if lifting cement blocks would be easier. So to even consider being a surrogate mother, I'd have to work out a very tough system of commissions and bonuses that would be added to my base salary.

As I see it, compensation should reflect the precise amount of discomfort involved. Here is a sample price list of tariffs for the pregnancy period that I would propose:

A hundred shekels for every trip to the bathroom due to morning sickness. An additional NIS 50 for every

Labor should have a price structure all its own. I'm picturing a large per-hour charge for all of active labor. However, a significant discount will be considered for each hour during which pain-killing drugs are administered. As for pushing the baby out, more money will have to be paid if the baby's head is above-average size. Otherwise, he's staying in there. And, of course, if I was carrying twins, a surcharge would have to be calculated to push the second one out. If, heaven forbid, there were more multiples, the fee would continue to increase.

And finally, there's the aftermath of pregnancy. I'd naturally charge a premium for every stretch mark I'm stuck with afterwards and every additional pound above my pre-pregnancy weight that hung on after delivery. After all, a waistline is a terrible thing to lose.

If my math is correct, under this system all the accumulated bonus shekels would likely add up to a handsome sum. So I ask myself one more time, would I go through the travails of pregnancy and childbirth for money if we were talking *los* of money? To be honest, the answer is probably not.

In my book, there's only one reward that makes all the backaches, nausea, exhaustion, pain and discomfort of pregnancy worth it. That reward is cute, tiny, warm, huggable, and it is exactly what the surrogate mother is required to give up.

How to become a Freelance Writer

by NICK DAVIS

Freelance writing can be creative, fulfilling and a lot of fun, with excellent money to be made as well. What's more, anyone can become a writer. No special qualifications or experience are required.

The market for writers is huge. In Britain alone there are around 1,000 daily, Sunday and weekly papers, and more than 8,000 magazines. Many of the stories and articles that they publish are supplied by freelancers. Then there are books, theatre, films, TV, radio...

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International Exhibits

Ethnic and folk art from 30 countries will be displayed in the International Pavilion. Guest artists will demonstrate the creative process of their craft.

30 Years of Construction in Jerusalem

A special exhibit of recently developed tourist sites in Jerusalem.

International Food Fair * Guided Night Tours of Jerusalem

Calendar of Musical Events (no additional charge) Concerts begin every evening at 9 p.m.

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Thursday, 14.8.97 - Ronit Shachar

Saturday, 16.8.97 - Mika Karni

Sunday, 17.8.97 - Avitup

Monday, 18.8.97 - Arcadi Duchin & the "Lemons"

Tuesday, 19.8.97 - Trio Indio

Wednesday, 20.8.97 - Yermi Kaplan & the "Flowers"

Thursday, 21.8.97 - Ehud Banai

Saturday, 23.8.97 - Assaf Amdarsky

Sunday, 24.8.97 - Ariel Zilber

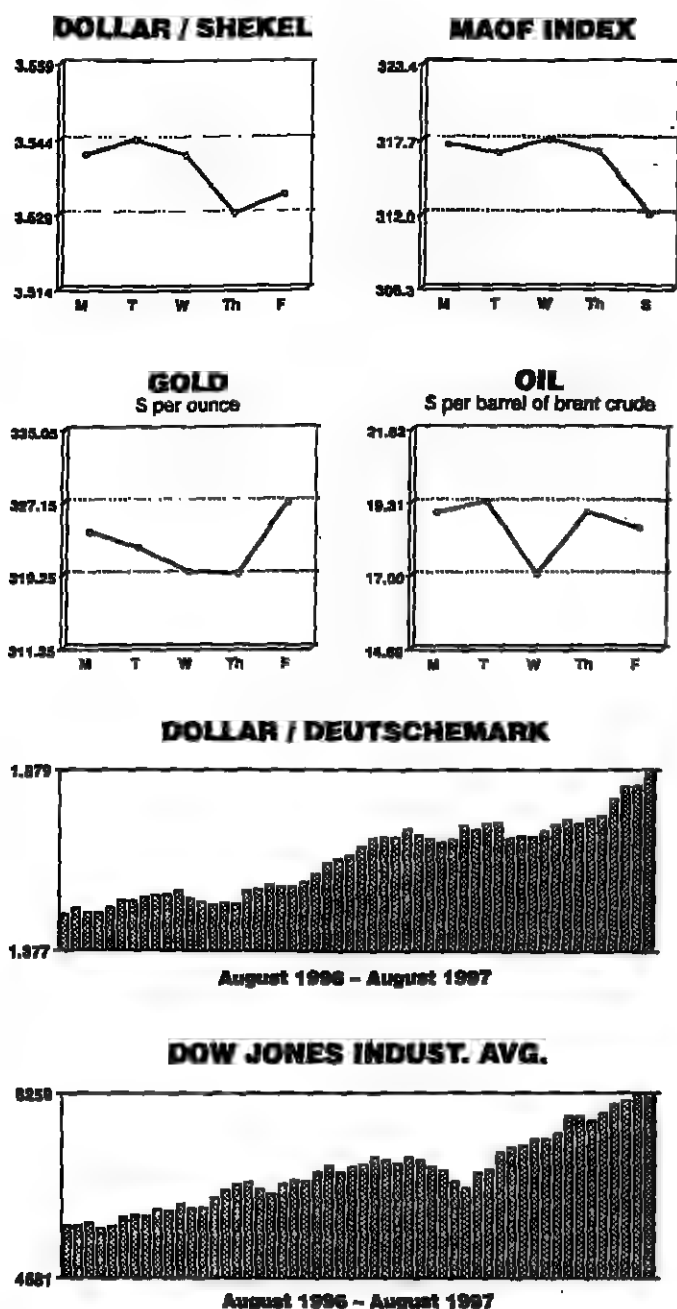
Tickets: Jerusalem: Klaim-02-6256669; Bimot-02-640886; Tel Aviv: Kastel-03-6044725; and the Fair ticket counters. Groups: Leibowitz - Berger Marketing, Tel. 02-6799922. Parking: Jaffa Gate Parking Lot (Mamilla) - Special rate for Fair visitors - NIS 10.00 for entire evening.

Production: East Jerusalem Development Ltd., 8 Shamai Street, Jerusalem, Tel. 02-6254403

Earthly Concerns will return next week.

MARKETS

in brief



Nesher starts work on \$180m. plant

Nesher Israel Cement Enterprises last night celebrated the groundbreaking of its new \$180m. cement production facility in Ramle. The new factory is expected to produce 1.5 million tons of dry cement a year and to employ more than 1,000 people within the next 30 months. Nesher is a subsidiary of Mashav Initiating & Development Ltd., which is jointly owned by Clal and Koor Industries. *Jennifer Friedlin*

Elron profits up sharply

Elron Electronic Industries Ltd.'s second quarter net income soared to \$6.5 million, compared to \$2.6m. in the quarter the previous year. The holding company's revenues totalled \$302m., a 7.9% increase. Earlier in the quarter, Elron received \$7.6m., after it sold part of its stake in Orbotech. The company now has a 5.8% share in the company. *Jennifer Friedlin*

Tadiran net down 56%

Tadiran Telecommunications Ltd. reported a 56% drop in second quarter net income to \$12.5m., compared to \$28.6m. in the same period last year. Revenues were down to \$122.3m. from \$141.4m. *Jennifer Friedlin*

Neeman threatens to quit if budget cut not endorsed

Treasury: 1997 inflation target will not be met

By DAVID HARRIS

Finance Minister Yaakov Neeman threatened yesterday to resign if coalition MKs fail to agree to the additional 1997 budget cut of NIS 800 million, which the government has recently endorsed.

"If coalition members will not support the government, then I have nothing to do here," Neeman told reporters immediately following yesterday's cabinet discussion of the 1998 state budget. "If the government doesn't receive approval it is very bad indeed."

Fearing defeat on the 1997 cut, the Treasury yesterday withdrew the proposal only minutes before the Knesset Finance Committee

was to vote on the issue. "Neeman mustn't go home, but understand that we are in a parliamentary democracy," said coalition leader on the committee Michael Kleiner (Gesher). Kleiner spent the afternoon trying to persuade his coalition colleagues from Shas and the NRP to support the cut. Both these coalition parties object to the proposed cuts to the education and welfare budgets.

Both Kleiner and state budget director David Milgrom attempted to delay the vote, while opposition MKs tried to force a decision. After two hours the Treasury saw the proposal would fail and decided to withdraw the budget cut. It will, however, be

presented to the committee once again in the coming days.

"The finance minister needs to do some soul searching regarding his relationship with the Knesset Finance Committee and learn what to pass and how," said Ophir Pines (Labor).

Neeman also admitted to the cabinet that the 1997 inflation target will not be met. Having told ministers the 1998 inflation target will be set at 7 percent to 10 percent, the same as this year, Neeman made it clear that he and not the Bank of Israel fixes the inflation goal.

"If I would have fixed an impossible target it would be as if I couldn't see the reality," said Neeman, who denied he was

implying that Bank of Israel Governor Jacob Frenkel, who is demanding a 6%-9% target, was incapable of seeing the reality.

During the cabinet discussion of the 1998 budget, Treasury officials informed ministers that the NIS 164.4 billion budget shows a slight real increase (less than NIS 1b.) over 1997 expenditure. Urging ministers show fiscal restraint, Neeman also appealed to workers not to take industrial action.

"Strikes are to the detriment of the workers," he said. "If, heaven forbid, there will be an unjust strike, I will seriously consider the issue," he added, threatening sanctions against the Histadrut.

During the cabinet debate, the Treasury presented a 1998 to 2000 macroeconomic forecast and its plans for some 100 structural reforms in the economy. However, the Treasury has already had to shelve its proposal concerning the lifting of all restrictions on agricultural imports.

Following a row with Agriculture Minister Rafael Eitan last week, Treasury officials agreed to only lift restrictions on the import of hard cheeses and will, at a later date, discuss tariffs on seasonal fruits and vegetables.

The cabinet discussion is scheduled to continue this morning with the Treasury speaking confidently about a positive outcome.

'97 investment aid down 15%

By JENNIFER FRIEDLIN

In the first seven months of the year, the Industry and Trade Ministry distributed \$880 million in investment aid to the industrial and tourism sectors, a 15% drop compared to the same period in 1996. Investment Center director David Baruch said yesterday.

However, since June, the pace of the slowdown has decreased. In the first five months of 1997, the Investment Center distributed 37% less money in grants and aid packages, compared to the January - June period in 1996.

Baruch attributed the recent increase in the number of companies utilizing investment grants to industrialists' greater certainty of trends in the economy.

"In January and February the economy looked really bad and companies didn't want to take the grants because they didn't want to make investments," Baruch said. "While the economy doesn't look great now, at least people have a clearer picture of what's going on."

Small- and medium-sized com-

panies hesitate more than larger concerns when it comes to taking the investment grants approved for them, the director said. Several of the grants that have yet to be utilized were approved by the Investment Center in 1995.

Contrary to the overall trend, the high-tech industry experienced a 30% increase in the amount of investment aid it has received, compared to the same period one year ago.

The Investment Center has also registered a decrease in the amount of investment packages it approved. As of August 1, the center had approved investment aid totalling \$730m., compared to \$3.6b. in the first seven months of 1996. Not including the four largest grants of 1996, the amount of investment aid approved in January - July period of last year totalled \$1.4b.

The Investment Center is currently reviewing \$1.45b. in investment aid requests, 75% of which are for direct grants, while the remainder are for tax breaks. Thirty-two percent of the companies requested aid to build new factories or expand preexisting facilities.

The Investment Center is receiving a growing number of requests by electronics, electricity, chemicals and mineral concerns, while the food, clothing, textile and other light industry companies are submitting fewer applications for aid.

A number of the companies requesting aid have indicated their uncertainty about investing in Israel, Baruch said, adding that increased macroeconomic stability could provide these parties with the necessary incentive to build or expand local facilities.

Meanwhile, in an effort to encourage investment in the capital, offset a slowdown in growth and an increase in unemployment, Minister of Industry and Trade Nathan Sharansky requested that the government extend Jerusalem's Development Area A status for an additional five years.

Sharansky also requested a two-year extension of Development Area A status for a number of cities, including Karmiel, Nazareth, Tiberias, Afeka and Migdal Ha'emek.

The government previously decided to downgrade these cities' status as of August 31.

Gov't mulls charging cars to enter cities

By DAVID HARRIS

The government is considering charging a toll on all private vehicles entering the three major cities, based on a report presented to the cabinet yesterday by Treasury officials.

As part of the plans for structural changes in the economy, senior Treasury officials asked ministers to approve a series of measures to reduce traffic congestion in Jerusalem, Tel Aviv, and Haifa.

To discuss the toll proposal in more detail Finance Minister Yaakov Neeman asked the cabinet to agree to the immediate establishment of an interministerial committee, which will report back before June 1.

In addition to approving the establishment of the committee, the Treasury also brought to cabinet a series of other proposals for transportation improvements in Jerusalem, Tel Aviv, and Haifa:

- The creation of a program of public-transport-only routes in the

city centers to be prepared by December 30 and up and running by December 31, 2000, with an annual NIS 60 million budget between now and the project's completion. The plans will not only include the routes, but also the order of preference for their construction.

In Tel Aviv the project will be coordinated with the anticipated routes of the metropolitan light railway. A similar constraint applies to the preparation of the routes in Jerusalem and Haifa.

A supervisory body, which will prevent private vehicle access to the new routes, will be operational prior to January 1, 1998, under the joint auspices of the Transport and Internal Security ministries.

Inner city public transport routes will be completely redrafted no later than June 30. These will be specifically designed to tie in with rail services, particularly in the Gush Dan area.

A complete overhaul of public transport information will be implemented by March 1.

Croatia seeking Israeli defense, energy deals

By STEVE ROGAN

Croatia is interested in cooperating in the production and sales of defense products, as well as in upgrading its energy industry.

The two countries are quietly exploring a wide range of defense projects, including joint production and military sales, officials and diplomatic sources said.

In early June, a delegation of

Croatian defense officials visited and met with some of their Israeli counterparts and defense industry executives. The delegation was headed by Gen. Vladimir Zagorec, who is responsible for acquisitions in the Croatian Defense Ministry.

One diplomatic source said Zagorec offered to trade Croatian oil for Israeli weapons via a third country. The source said the Zagorec meeting was followed up by one between Israeli and Croatian representa-

tives at the Paris Air Show toward the end of June. The visit of Israeli defense representatives to Croatian military plants was discussed.

Israeli officials said the Croatians were told that there could be no defense contracts without the establishment of formal diplomatic relations. "There are avenues to explore in this field," an official said. "But we can't do anything without formal ties."

Meanwhile, Zagreb and Jerusalem are also exploring cooperation in the energy sector.

"We talked to the Israelis to help us in refineries," Davor Stern, general director of Industrije Naftne, Croatia's government oil and gas conglomerate, said in an interview with *The Jerusalem Post* on Friday. "We're looking for optimization of our refineries. My knowledge is that Israel has been very successful in using existing assets."

Stern, who lived in Israel and was educated at Hebrew University, is a former economics minister. He spent last week here and met Foreign Ministry officials and executives in a range of fields.

Jerusalem and Zagreb have economic ties but have not established diplomatic relations, mainly because of charges that a 1989 book published by Croatian President Franjo Tudjman contains antisemitism. In January, Tudjman issued a revised version of the book that eliminated the objectionable elements and Foreign Ministry officials said they expect a decision in several weeks on whether to open an embassy in Croatia.

Israel and Croatia have several areas of potential cooperation, Stern said. One of them is agriculture, in which Israel could help Croatia improve crop yield. Another is Israeli investment in Croatia, particularly in the construction of hotels along the Adriatic coast.

Concerning the prospective defense relationship, Stern confirmed the Zagorec visit but said he could not provide details. "I'm sure there is a lot that the defense industry in Israel can offer Croatia," he said. "As Croatia is similar to Israel - both countries have had to build an army despite an embargo - Zagreb is very interested in the relationship."

ISRAELI MONEY MARKETS

Patah (foreign currency deposit rates) (11.8.96)				
Currency (deposit for)	3 MONTHS	6 MONTHS	12 MONTHS	
U.S. dollar (\$250,000)	4.750	5.000	5.375	
German mark (DM 200,000)	3.875	4.000	4.250	
French franc (FF 200,000)	1.825	1.825	2.125	
Swiss franc (SF 200,000)	0.825	0.750	1.000	
Yen (10 million yen)				
(Rates vary higher or lower than indicated according to deposit)				
Shekel Foreign Exchange Rates* (8.8.97)				
CHECKS AND TRANSFERS		BANKNOTES		Prev. Rate**
Buy	Sell	Buy	Sell	
Currency basket	3.7100	3.7100	3.7100	3.7481
U.S. dollar	3.4878	3.5543	3.43	3.5330
German mark	1.8882	1.8984	1.83	1.8672
French franc	5.5657	5.5656	5.47	5.6152
Japanese yen (100)	0.5537	0.5627	0.54	0.5593
Dutch florin	2.9500	3.0037	2.80	2.8862
Swiss franc	1.6278	1.6346	1.62	1.6748
Swedish krona	2.2848	2.3217	2.20	2.2623
Norwegian krona	0.4342	0.4413	0.42	0.4380
Danish krone	0.4544	0.4618	0.44	0.4591
Finland mark	0.4903	0.4983	0.48	0.4953
Canadian dollar	0.6249	0.6344	0.61	0.6300
Australian dollar	2.5220	2.5827	2.47	2.5473
S. African rand	2.5599	2.6012	2.51	2.5855
Belgian franc (10)	0.7452	0.7573	0.67	0.7253
Austrian schilling (10)	0.8045	0.8191	0.68	0.8139
Italian lira (1000)	2.8548	2.8877	2.80	2.8623
Jordanian dinar	1.9115	1.9424	1.87	1.9311
Egyptian pound (EGP)	4.8289	5.0085	4.87	4.8882
Irish punt	1.0000	1.0000	1.00	1.0000
Spanish peseta (100)	3.8907	3.9401	3.87	3.9181
	5.0287	5.1078	4.94	5.0787
	2.2135	2.2463	2.17	2.2361

*These rates vary according to bank. **Bank of Israel. SOURCE: BANK LEUMI

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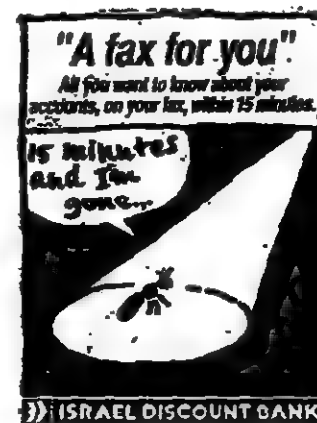
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TELEVISION

ELANA CHIPMAN

Tonight being the eve of Tisha Be'av, the anniversary of the destruction of the First Temple, the programming on local television will take on a more serious tone. One interesting program tonight is *Kohanim*, a documentary on Channel 2, at 10. It deals with the ritual function of the *kohanim*, the descendants of the priests of the Temple. We will also get a look at those *kohanim* who are preparing themselves for the rebuilding of the Temple, when the time comes.

On Channel 1, at 8:45 p.m., try *Shetel*, a documentation of a search for remnants of the Bransk Jewish population, by Jewish filmmaker Marian Marzyński, together with a young Polish student, Zbyszek Romanik. Over four years of research, they found traces of the 2,500 Jews who lived there before the entire shetel, including a Torah and other personal belongings, was sent to Treblinka.

FILM

ADINA HOFFMAN

***AUSTIN POWERS: INTERNATIONAL MAN OF MYSTERY—A vehicle for star and scriptwriter Mike Myers, this big silly soup of a spoof lampoons and honors at one and the same time James Bond, Richard Lester's Beatles movies, and the outlandish garish mod-culture of late '60s London. Fashion photographer by day, spy by night, Powers is a party-loving ladies' man who is frozen cryogenically in 1967 and thawed out some 30 years later so that he might do battle with his nemesis, Dr. Evil (also played by Myers) who has recently been defrosted as well and now plans to blow up the world.

What makes the film so funny in its light, TV-comedy sketch way is that both Myers and director Jay Roach clearly feel real affection for the movies and music of the hero's heyday, and as they set out to reconstruct the unmitigated tackiness of the era, as embodied by Austin, a surprising wistfulness takes hold. The most memorable



Channel 2 presents a documentary about 'kohanim,' at 10 p.m. (Efrat Kishchuk)

bits here aren't verbal jokes but visual gags—little nostalgic homages to the dated camera work and editing techniques that gave commercial movies in the '60s their low-tech psychedelic look and feel. With Elizabeth Hurley, Robert Wagner and Michael York. (English dialogue, Hebrew subtitles. Parental guidance suggested.)

***LIAR LIAR—Jim Carrey comedy about a hot-shot shark of an attorney whose neglected son makes a birthday wish that his dad will be forced to tell the truth for one whole day. Lo and behold, the wish comes true and Carrey's character finds himself straight shooting acrobatically for an entire 24 hours. Directed in perfunctory fashion by Tom Shadyac, the film is a shamelessly high-concept affair, and one that would be pretty awful if it didn't star Carrey the human pin-ball machine (as it is, the filmmakers attempt from the very start to offset Carrey's profound weirdness with lots of cheerful music and isn't-it-adorable bits featuring his movie-son the blond moppet). When he tries to sham and realizes he can't, his entire body swings into frantic gear—the tongue springs out, eyes roll back, legs buckle and fingers as he strains to force even a tiny fib from his throat. The actor reaches new heights here of cartoonish elasticity. At times, he looks poised to turn his face inside out or swallow his own lips, and his physical trickery seems, as in the best of slapstick, to express the deepest workings of his character's unconscious. (English dialogue, Hebrew subtitles. Parental guidance suggested.)

TV

CHANNEL 1

6:30 News flash
6:45 News in Arabic
6:45 Good Morning Israel

EDUCATIONAL TV

8:00 Cartoons
10:00 Eric's World
10:30 The Intropids
11:00 A Matter of Time
11:35 Hot Science
12:10 A.J. Time Traveller
13:00 Cartoons (rpt)
15:15 The Story of Read-Along-Deed-Deed

CHANNEL 1

15:30 Zappy Wave
15:30 Diver, the Last Dinosaur
15:50 Super Ben
16:00 Heartbreak High
16:45 Super Ben
16:50 Zappy Wave
16:50 A New Evening
17:34 Zappy Wave—five from the Lume Park, Tel Aviv
17:50 Garfield
18:15 The Intropids in English

ARABIC PROGRAMS

18:30 News
19:00 News
20:00 News
21:10 Highlander
22:00 News in English
22:35 Law and Order
23:15 Horrible

MIDDLE EAST TV

7:00 TV Shop
14:30 The 700 Club
15:00 Gerbert
15:30 Masters of Meze
16:00 Larry King
16:30 Family Challenge
17:45 Bealman's World
18:15 Perfect Strangers
18:35 Saved by the Bell
19:00 World News Tonight
20:00 Cosby Show
20:25 Major Dad
20:50 Newhart
21:15 Diagnosis Murder
22:05 Melbook
23:00 CNN
23:30 The 700 Club
00:00 Quantum Shopping

ITV 3 (33)

16:00 Power Rangers
16:30 Playing With Fire
17:30 Panorama
18:00 The Tyrant
18:30 News in Arabic
19:30 Great British Classics
20:00 News
20:45 La Vie Devant Soi (French, 1978)—see today's highlights
22:30 Fortunes of War—part 2 of epic series set during WWI. Guy, an outgoing lecturer and his introverted wife Harriet, are forced to wander through Bucharest, Greece and Egypt by the fortunes of war. With Kenneth Branagh and Emma Thompson. (R)

CHANNEL 2

6:15 Today's Programs
6:30 Cartoons
7:00 Breakfast Magazine
9:00 Meeting
10:00 Pablo
10:30 The Jungle Book
11:00 Monster League
11:30 Fudge
12:00 Doug
12:30 Children's Answer magazine
13:00 Pilius
13:30 The Fresh Prince of Bel Air
14:00 Degraess Junior High
14:20 Tic Tac
15:00 News Generation
15:30 Make A Wish
16:00 The Bold and the Beautiful
16:50 Different World
17:00 News magazine with Rafi Reshetel
17:30 The Fresh Prince of Bel Air
18:00 The Mount of Olives—documentary about the oldest and most famous Jewish cemetery in the world
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FAMILY CHANNEL (3)

7:00 Good Evening with Guy Fines (rpt)
7:30 Love Story with Yossi Systs (rpt)
8:00 Dallas (rpt)
8:00 One Life to Live (rpt)
9:45 The Young and the Restless (rpt)
10:00 Days of Our Lives (rpt)
11:15 Zingara (rpt)
12:00 Barnaby Jones
12:45 The Cornish
13:30 Wings
14:00 Dallas
14:50 Days of Our Lives
15:40 Ricki Lake
16:30 Zingara
17:15 One Life to Live
18:00 Good Evening with Guy Fines
18:30 Local Broadcast
19:00 The Young and the Restless
19:45 Sunset Beach
20:30 Pandora's Clock—action thriller. A jetliner pilot and all his passengers are exposed to a lethal virus and put in quarantine. With Richard Dean Anderson
23:25 Babylon 5 (rpt)
00:15 The Streets of San Francisco
1:05 Barnaby Jones

MOVIE CHANNEL (4)

11:30 Blackie the Pirate (1971)—comedy about a Caribbean pirate who plans to steal a Spanish treasure. With Spencer
13:10 Seeking Stars
14:00 Susie Q (1965)—the ghost of a '50s teenager befriends a high-school student. With Shelly Long
15:45 New in the Cinema
15:40 Willing to Kill: Texas Cheesecake Story (1992)—true story of a mother willing to do anything to eliminate competition for her teenage daughter.
17:15 Choices of the Heart: The Margaret Sanger Story (1994)—story of a turn-of-the-century nurse fighting for family planning and sex education
18:40 New in the Cinema
18:55 They Were Ten (Hebrew, 1980)—historical drama about settlers in the turn-of-the-century Galilee
20:35 The Enemy Within (1994)—an army officer uncovers a plot to topple the president with a military coup. With Forest Whitaker, Sam Waterston, Denis Leary and Jason Robards Jr.
22:00 The Cemetery Club (1993)—the story of three widows who have trouble adjusting to life without their husbands. With Ellen Burstyn, Olympia Dukakis and Diane Ladd
23:35 Faithful (1994)—an adaptation of Robert Harris's fictional work of the Nazi Germany defeated Western Europe. With Rupert Penry-White and Miranda Richardson
1:40 State of Emergency (1994)—a look at overcrowded inner-city emergency wards through the tale of a surgeon wading through a nightmare case-load. With Joe Mantegna
3:05 Trigger Man (1994)—Western with Martin Sheen, Christopher Atkins and Corbin Bernsen (85 mins.)

CHANNEL 8

6:00 Open University
8:05 Angels of the Sky (rpt)
8:55 Rudy Wex Does the Season, part 2 (rpt)
9:25 Swan Cycle ballet by Tchaikovsky
11:45 Sinfonia: Rainbow City
12:30 Floyd on Italy: Calabria (rpt)
13:00 Travelogue (rpt)
13:30 World of Wine: Champagne (rpt)
13:50 Echidna: The Survivor
14:20 The Decision: Whose Kidney Is It? (rpt)
15:15 American Undercover: Priestly Story
16:10 Cousins: Great White Sharks (rpt)
17:00 Open University
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CHANNEL 8



Psychologists demonstrate outside the Prime Minister's Office yesterday before their strike was settled.

(Brian Hendler)

Psychologists going back to work today

By JUDY SIEGEL

The strike by over 700 public-sector psychologists ends this morning, after 82 days of dispute with the Treasury over bonuses, wages, and benefits. The dispute now goes to the Arbitration Board, after the

employers agreed to include all subjects in the discussions.

"We could have gone back to work a week ago, but the Treasury backtracked on its promises," union chief Reuven Goldberg said.

Only the psychologists who took part in the strike will get a bonus

of five weeks' pay; the other 250 or so who did not strike will, however, receive any higher wages and benefits to be granted by the Arbitration Board.

It was the first-ever strike by public-sector psychologists, all of whom have advanced degrees and

earn some of the smallest paychecks in government, Kupat Holim Clalit, Youth Aliya, the Employment Service, and other public institutions.

Goldberg said it would take some time to catch up with all the patients who had been under treatment.

Capital trying to prevent more cancellations

By JUDY SIEGEL

The Jerusalem Municipality said yesterday that it is making every effort to prevent the cancellation of large conferences scheduled for the capital during the next few years, following the decision by the prestigious International Federation of Gynecology and Obstetrics (FIGO) to hold its 2000 congress in Washington, DC instead of Jerusalem.

The medical conference was to be the largest ever held in the capital, with some 15,000 physicians coming from around the world, and to bring some \$40 million into the city.

The gathering is to present the latest advances in obstetrics and gynecology and draw thousands of businessmen representing companies participating in a large professional exhibition. A large multipurpose arena being planned for the western entrance to Jerusalem was to be the venue.

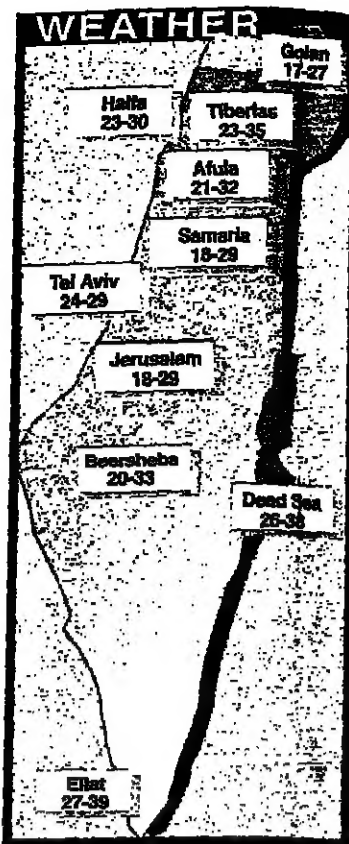
Nearly three years ago, Mayor Ehud Olmert, local organizer Gideon Rivlin and Prof. Joseph Schenkar, head of gynecology/obstetrics at Hadassah-University Hospital, announced that at a FIGO gathering in Montreal, Jerusalem had been selected as the site for the triennial FIGO congress in the year 2000.

But soon after the announcement was made, pressures began to mount to prevent it from convening in Israel, said municipal spokesman

Hagai Elias. Late last month, in Copenhagen, only hours after the Mahaneh Yehuda suicide bombing, a FIGO conference decided to move the gathering. Despite intensive efforts by the Foreign Ministry and the municipality, 56 national gynecology associations voted for Washington, and 42 for Jerusalem.

FIGO officials worried that because of Israel's unstable political situation and the threat of terror in Jerusalem, many scheduled participants would drop out, causing a loss in income, and that getting insurance to cover the event would be overly expensive. However, Schenkar was able to arrange insurance through a British company.

"When the delegates in Copenhagen watched TV and saw the destruction and death in Mahaneh Yehuda, they got cold feet," said Schenkar, sadly. "I pleaded with them, noting that Jerusalem was safer than Washington and many other cities, and that by voting against us, they were giving in to terror. But it did no good."



AROUND THE WORLD

	LOW	HIGH	WIND	OTHER
Amsterdam	14	57	30	clear
Berlin	15	51	29	cloudy
Buenos Aires	18	46	18	clear
Caracas	21	70	23	clear
Chicago	21	70	23	clear
Copenhagen	16	51	23	clear
Hankfurt	16	51	23	clear
Geneva	16	51	23	clear
Helsinki	15	50	22	cloudy
Hong Kong	27	81	23	clear
Jakarta	25	77	21	clear
London	16	51	23	cloudy
Los Angeles	20	68	27	clear
Madrid	21	70	21	clear
Manila	20	68	27	clear
Moscow	11	35	22	clear
New York	21	68	27	clear
Paris	17	58	21	clear
Rome	17	58	21	clear
Stockholm	16	51	23	clear
Sydney	16	51	23	clear
Tokyo	17	58	21	clear
Toronto	17	58	21	clear
Vancouver	17	58	21	clear
Zurich	16	51	23	clear

Winning cards

In yesterday's first daily Chance draw, the winning cards were the queen of spades, queen of hearts, ace of diamonds and 10 of clubs. In the second Chance draw, the winning cards were the ace of spades, queen of hearts, queen of diamonds and queen of clubs.

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For more information, please leave a message 24 hours a day (excluding Shabbat) for our Israeli research coordinator (Hebrew or English) at 02-648-0253, or contact Dr. Ann E. Pulver (English speakers only) in the United States BY CALLING COLLECT via an operator to 410-955-0455. Mon. - Fri. between 8:30 a.m. - 4:30 p.m. Eastern Standard Time. E-mail: sepulver@welchlink.welch.jhu.edu; Fax 410-955-0644. All participant expenses paid. Confidentiality Assured!

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